

The School District
of
FRANKFORD TOWNSHIP

Frankford Township Board of Education
Branchville, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

Comprehensive Annual Financial Report

of the

Frankford Township Board of Education

Branchville, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-v
Organizational Chart	vi
Roster of Officials	vii
Consultants and Advisors	viii

FINANCIAL SECTION

Independent Auditor's Report	1-3
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	4-12
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	13
A-2 Statement of Activities	14

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	15-16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	18

Proprietary Funds

B-4 Statement of Net Position	19
B-5 Statement of Revenues, Expenses, and Changes in Net Position	20
B-6 Statement of Cash Flows	21

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	22
B-8 Statement of Changes in Fiduciary Net Position	23

Notes to the Financial Statements	24-66
--	--------------

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	67-73
C-2	Budgetary Comparison Schedule – Special Revenue Fund	74

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	75
-----	--	----

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	76
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	77
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	78
L-4	Notes to Required Supplementary Information	79
L-5	Required Supplementary Information – Schedule of the District’s Proportionate Share of Total OPEB Liability	80
L-6	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	81

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	82
E-2	Schedule of Preschool Program Aid Expenditures – Budgetary Basis – Not Applicable	83

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	84
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	85
F-2a	New Security Vestibules and Partial Roof Replacement – Frankford School	86

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
G. Proprietary Funds	
<i>Enterprise Fund</i>	
G-1 Combining Statement of Net Position	87
G-2 Combining Statement of Revenues, Expenses and Changes in Net Position	88
G-3 Combining Statement of Cash Flows	89
 H. Fiduciary Funds	
H-1 Combining Statement of Assets and Liabilities	90
H-2 Combining Statement of Changes in Net Position – Not Applicable	91
H-3 Student Activity Agency Fund - Schedule of Receipts and Disbursements	91
H-4 Payroll Agency Fund - Schedule of Receipts and Disbursements	92
 I. Long-Term Debt	
I-1 Schedule of Serial Bonds	93
I-2 Schedule of Obligations under Capital Leases	94
I-3 Debt Service Fund Budgetary Comparison Schedule	95
 J. STATISTICAL SECTION (Unaudited)	
J-1 Net Position by Component	96
J-2 Changes in Net Position	97-98
J-3 Fund Balances – Governmental Funds	99
J-4 Changes in Fund Balances - Governmental Funds	100
J-5 General Fund Other Local Revenue by Source	101
J-6 Assessed Value and Actual Value of Taxable Property	102
J-7 Direct and Overlapping Property Tax Rates	103
J-8 Principal Property Taxpayers	104
J-9 Property Tax Levies and Collections	105
J-10 Ratios of Outstanding Debt by Type	106
J-11 Ratios of Net General Obligation Debt Outstanding	107
J-12 Direct and Overlapping Governmental Activities Debt	108
J-13 Legal Debt Margin Information	109
J-14 Demographic and Economic Statistics	110
J-15 Principal Employers	111
J-16 Full-Time Equivalent District Employees by Function/Program	112
J-17 Operating Statistics	113
J-18 School Building Information	114
J-19 Schedule of Required Maintenance for School Facilities	115
J-20 Insurance Schedule	116

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
TABLE OF CONTENTS**

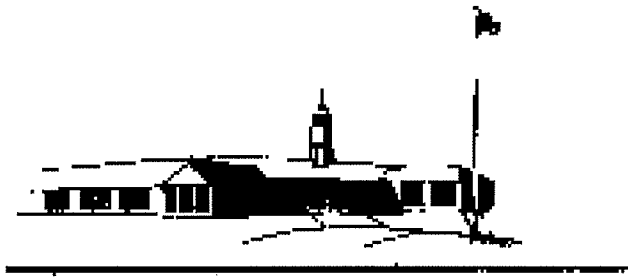
Page

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 – Independent Auditor’s Report	117-118
K-2	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	119-121
K-3	Schedule of Expenditures of Federal Awards	122
K-4	Schedule of Expenditures of State Financial Assistance	123
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	124-125
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	126
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	127
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	128
K-8	Summary Schedule of Prior Year Findings	129

Introductory Section





Frankford Township Board of Education

4 PINES ROAD BRANCHVILLE, NJ 07826

Telephone (973) 948-3727 □ Fax (973) 948-2907

December 2, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Frankford Township School District for the fiscal year ended June 30, 2019, is hereby submitted. This report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the State Treasury Circular OMB 15-08. Information related to this State single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The district provides a full range of educational services appropriate to grade levels from Kindergarten through Eighth Grade. These include regular as well as special education for handicapped children. The District completed the 2018-2019 fiscal year with an ending enrollment of 514. The following details the changes in the average daily student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Student Enrollment</u>	<u>Percent Change</u>
2018 - 2019	504	-2.14%
2017 - 2018	515	-2.83%
2016 - 2017	530	0.95%
2015 - 2016	525	-2.78%
2014 - 2015	540	2.35%
2013 - 2015	553	0.91%
2012 - 2013	548	-5.67%
2011 - 2012	581	-2.19%
2010 - 2011	594	-6.01%
2009 - 2010	632	0.16%

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

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

Since the 2009-2010 School year, the average daily student population has decreased incrementally (average 13 pupils/year). However, over the same period, increases in tax levy have occurred as state aid has either remained relatively flat or decreased in conjunction with rising expenses and a need for additional programs and an increased classified student population. In the past, surplus has been used to reduce the effects of stagnant state aid. However, the state has severely restricted the use of surplus in recent years and even reduced state aid. Frankford Twp. Board of Education has therefore reduced undesignated surplus to the mandated limits. Realizing that a lack of surplus availability and declining state aid has an opposite effect on the tax levy, the Board of Education and administration have worked extensively to limit the tax impact as much as possible in 2018-2019.

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

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

to evaluate our curriculum to best suit the needs of our students. Research based programs have and will continue to be investigated and implemented. In the efforts to prepare students, we continue to seek opportunities for collaborative global connections. In addition, changes to the curriculum included special education modifications.

- B. Faculty and staff continue to participate in in-service and workshop programs in cooperation with our regional districts. Frankford continues to enlist the services of Conquer Math which have been instrumental in assisting us in the math transitions in curriculum, standard expectations and summative standardized assessments. In October, we invite schools from three different counties to attend our yearly In-Service. Over 150 guests joined for many different professional development topics.
- C. A summer reading/writing program continued for the 2018-2019 school year. Students are required to read two types of materials: one fictional and one informational and complete a writing assignment for the start of the September school year. A math summer series of problems were also included so parents had opportunities to work with their children over the summer.
- D. Elementary Basic Skills Instruction continues to be a major initiative with a more inclusive, classroom oriented program. FTSD supports four teachers who work with regular classroom teachers in grades 1 through 4. The schedule was completely revamped to integrate an RTI approach. Students are assessed weekly and instructional time was integrated into the schedule to target those skills needed the most. Plans to tier students this year will provide more accurate and targeted instruction. Title I funding has returned for the 2018-2019 school year. In addition, identified students were placed into an afterschool tutoring program for Language Arts and Math. The program ran every Tuesday and Thursday until the month of May.
- E. FTSD is continuing to address issues of bullying and violence. We actively participate in the County sponsored "Taking Flight to Change" anti-bullying program, locally developed programs through student council and other school organizations as well as the infusion of the Holocaust Curriculum through all content areas and grade levels, the guidance counselors and media support personnel are instrumental in the implementation of these lessons and activities.
- F. FTSD supports two full time Guidance Positions. One serves the elementary grades K through 4 and one serves the middle school grades 5 through 8.
- G. Middle school band and chorus students in grades six through eight participated in a juried competition for the seventh consecutive year in May 2019 in which both groups were rated Superior.
- H. Technology remained consistent with no large purchases. We continue to monitor equipment longevity and have planned out long term lease purchases for all system to keep the budget at a consistent level.
- I. School Security continues to be a priority. Monthly drills are planned and implemented. New foyers have been built along with an elementary security office that keeps parents from entering the building without being checked in first.
- J. Summer projects included a new roof on both the small and large gym with new soffit to eliminate the water leaking into the school.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30.

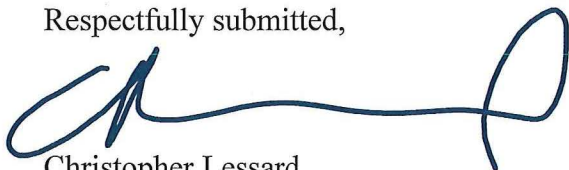
6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in the "Notes to the Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions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

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

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

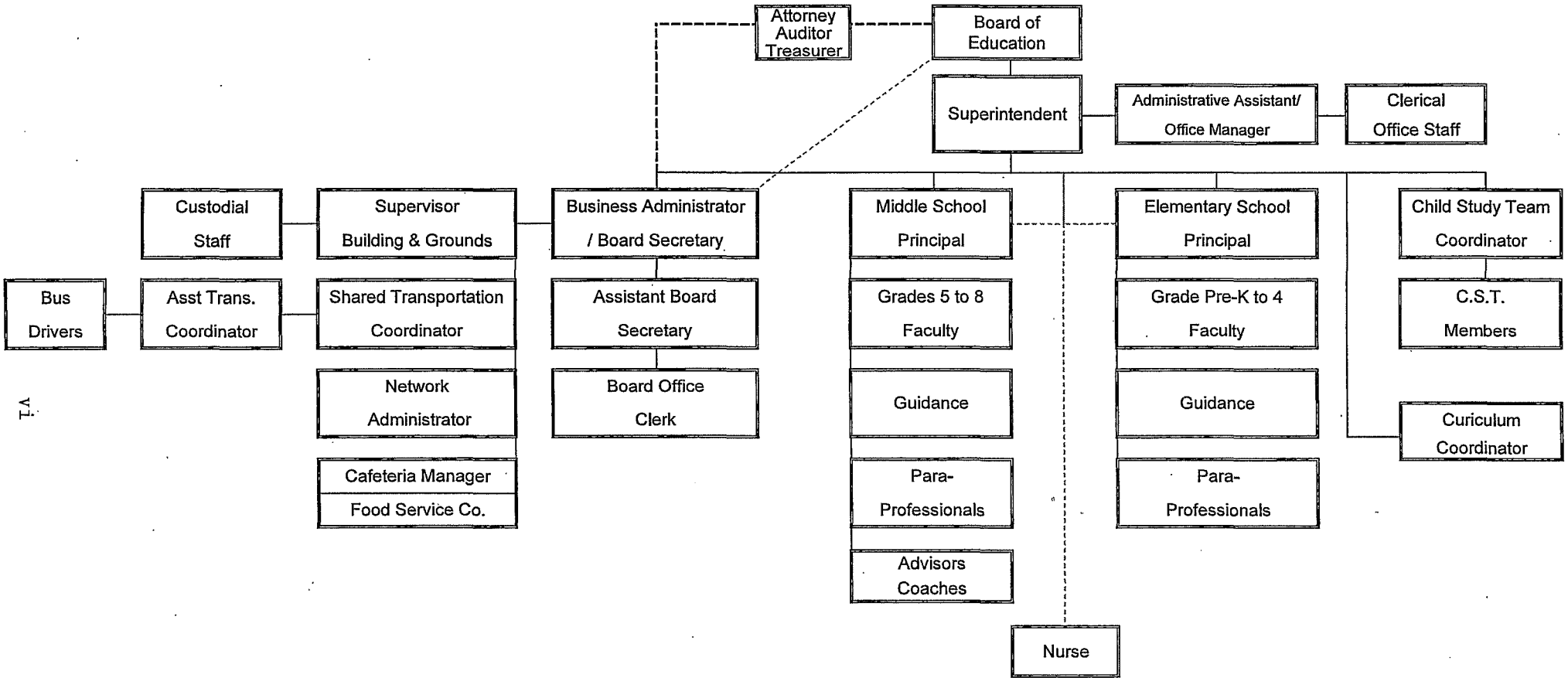
9. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Frankford Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

A handwritten signature in blue ink, consisting of a stylized 'C' followed by a long horizontal line and a large loop at the end.

Christopher Lessard
Board Secretary/Business Administrator

**FRANKFORD TOWNSHIP SCHOOL DISTRICT
ORGANIZATIONAL CHART**



TVA

Frankford Township Board of Education
Branchville, New Jersey

ROSTER OF OFFICIALS
JUNE 30, 2019

<u>Members of the Board of Education</u>	<u>Expires</u>
	January
Ralph Smith, President	2020
Steven Worthington, Vice-President	2020
Serena Ayers	2022
Raymond Castellani, III	2021
Colleen Chiariello	2021
Michaela Meinecke-Perez	2021
Stacey Keller	2022
Jodi Fernandez	2020
Michael Richards	2022

Other Officials

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

FRANKFORD TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

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

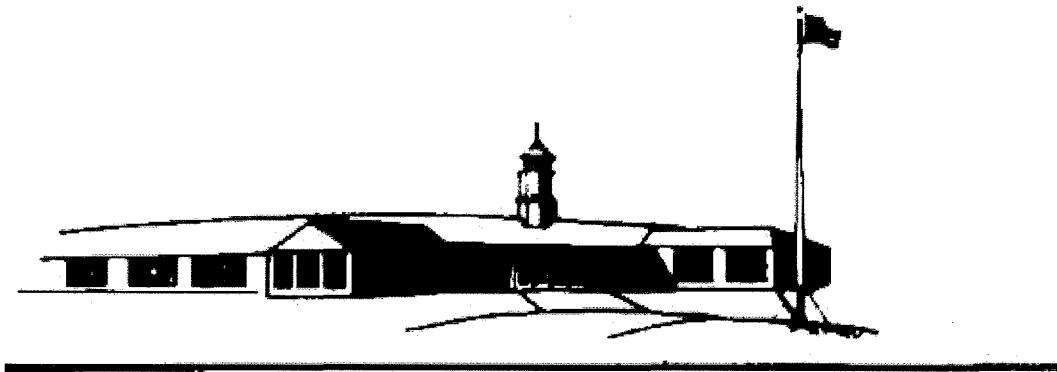
Attorney

Scarinci Hollenbeck, LLC
1100 Valley Brook Ave.,
P.O. Box 790
Lyndhurst, NJ 07071

Official Depositories

Lakeland Bank
250 Oak Ridge Road
Oak Ridge, NJ 07438

Financial Section





LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
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
Frankford Township Board of Education
Branchville, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Frankford Township Board of Education, as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Frankford Township Board of Education as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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

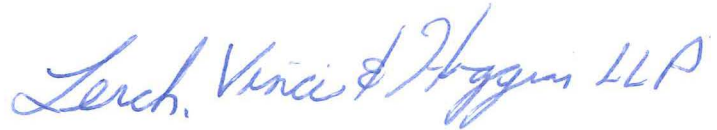
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Frankford Township Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Frankford Township Board of Education.

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

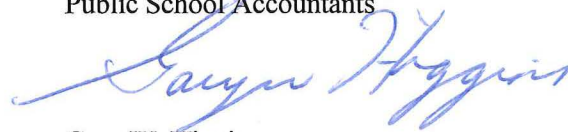
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2019 on our consideration of the Frankford Township Board of Education’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Frankford Township Board of Education’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Frankford Township Board of Education’s internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 2, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The management's discussion and analysis of Frankford Township Board of Education's financial performance provides an overall review of the school district's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the school district's financial performance as a whole; readers should also review the notes to the financial statements and financial statements to enhance their understanding of the school district's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- ◆ General revenues accounted for \$9,748,708 in revenue or 69% of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions, accounted for \$4,403,425 or 31% of total revenues of \$14,152,133.
- ◆ The school district had \$13,966,964 in expenses; only \$4,403,425 of these expenses were offset by program specific charges for services and grants or contributions. General revenues (primarily property taxes) and the utilization of available fund balance were adequate to provide for these programs.
- ◆ The General Fund (GAAP Basis) had \$12,671,760 in revenues and other financing sources and \$12,839,232 in expenditures and other financing uses. The General Fund's fund balance decreased \$167,472 over fiscal year 2018.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the school district to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year ending June 30, 2019?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Enterprise Fund

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

The School District as a Whole

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

Table 1 provides a summary of the school district's net position as of June 30, 2019 and 2018.

	Table 1 Net Position					
	Governmental Types		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and other assets	\$ 2,444,440	\$ 2,737,631	\$ 54,194	\$ 28,312	\$ 2,498,634	\$ 2,765,943
Capital assets, net	<u>4,924,570</u>	<u>4,365,051</u>	<u>22,045</u>	<u>9,067</u>	<u>4,946,615</u>	<u>4,374,118</u>
Total Assets	<u>7,369,010</u>	<u>7,102,682</u>	<u>76,239</u>	<u>37,379</u>	<u>7,445,249</u>	<u>7,140,061</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	<u>566,344</u>	<u>811,965</u>	<u>-</u>	<u>-</u>	<u>566,344</u>	<u>811,965</u>
Total Deferred Outflows of Resources	<u>566,344</u>	<u>811,965</u>	<u>-</u>	<u>-</u>	<u>566,344</u>	<u>811,965</u>
Total Assets and Deferred Outflows of Resources	<u>7,935,354</u>	<u>7,914,647</u>	<u>76,239</u>	<u>37,379</u>	<u>8,011,593</u>	<u>7,952,026</u>
Liabilities						
Non-Current liabilities	5,419,785	4,323,360	20,172	-	5,439,957	4,323,360
Other liabilities	<u>145,965</u>	<u>1,629,207</u>	<u>18,581</u>	<u>-</u>	<u>164,546</u>	<u>1,629,207</u>
Total Liabilities	<u>5,565,750</u>	<u>5,952,567</u>	<u>38,753</u>	<u>-</u>	<u>5,604,503</u>	<u>5,952,567</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			3,600	2,976	3,600	2,976
Deferred Amounts on Net Pension Liability	<u>946,054</u>	<u>724,216</u>	<u>-</u>	<u>-</u>	<u>946,054</u>	<u>724,216</u>
Total Deferred Inflows of Resources	<u>946,054</u>	<u>724,216</u>	<u>3,600</u>	<u>2,976</u>	<u>949,654</u>	<u>727,192</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,511,804</u>	<u>6,676,783</u>	<u>42,353</u>	<u>2,976</u>	<u>6,554,157</u>	<u>6,679,759</u>
Net Position						
Net Investment in Capital Assets	2,784,764	3,655,266	1,873	9,067	2,786,637	3,664,333
Restricted	1,478,455	406,802			1,478,455	406,802
Unrestricted	<u>(2,839,669)</u>	<u>(2,824,204)</u>	<u>32,013</u>	<u>25,336</u>	<u>(2,807,656)</u>	<u>(2,798,868)</u>
Total Net Position	<u>\$ 1,423,550</u>	<u>\$ 1,237,864</u>	<u>\$ 33,886</u>	<u>\$ 34,403</u>	<u>\$ 1,457,436</u>	<u>\$ 1,272,267</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The School District as a Whole (Continued)

Table 2 shows the changes in net position for fiscal years ended June 30, 2019 and 2018.

**Table 2
Changes in Net Position**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Types</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues and Transfers						
Program revenues						
Charges for services			\$ 164,001	\$ 156,902	\$ 164,001	\$ 156,902
Operating grants and contributions	\$ 4,191,834	\$ 5,428,935	47,590	56,328	4,239,424	5,485,263
General revenues						
Property Taxes	8,452,250	8,491,962			8,452,250	8,491,962
Grants and entitlements	1,196,150	1,324,872			1,196,150	1,324,872
Other revenues	99,528	67,858	780	299	100,308	68,157
Total revenues	<u>13,939,762</u>	<u>15,313,627</u>	<u>212,371</u>	<u>213,529</u>	<u>14,152,133</u>	<u>15,527,156</u>
Program Expenses						
Instruction	9,116,264	10,381,804			9,116,264	10,381,804
Support services						
Student and Instruction Related	1,300,380	1,423,622			1,300,380	1,423,622
General administration, school						
administration, business/Central	1,458,329	1,506,851			1,458,329	1,506,851
Operations and maintenance of facilities	1,227,677	1,255,414			1,227,677	1,255,414
Pupil Transportation	622,987	655,073			622,987	655,073
Interest on debt	25,139	28,145			25,139	28,145
Food Service			171,325	169,984	171,325	169,984
Summer Enrichment Program			21,057	27,759	21,057	27,759
Preschool Program	-	-	23,806	14,669	23,806	14,669
Total expenses	<u>13,750,776</u>	<u>15,250,909</u>	<u>216,188</u>	<u>212,412</u>	<u>13,966,964</u>	<u>15,463,321</u>
Transfers	<u>(3,300)</u>	<u>-</u>	<u>3,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	185,686	62,718	(517)	1,117	185,169	63,835
Net Position, Beginning of Year	<u>1,237,864</u>	<u>1,175,146</u>	<u>34,403</u>	<u>33,286</u>	<u>1,272,267</u>	<u>1,208,432</u>
Net Position, End of Year	<u>\$ 1,423,550</u>	<u>\$ 1,237,864</u>	<u>\$ 33,886</u>	<u>\$ 34,403</u>	<u>\$ 1,457,436</u>	<u>\$ 1,272,267</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The School District as a Whole (Continued)

Governmental Activities

Property taxes made up 61% and 55% of revenues for governmental activities for the Frankford Township Board of Education for fiscal years ended June 30, 2019 and 2018, respectively. The district's total revenues were \$13,939,762 and \$15,313,627 for the fiscal years ended June 30, 2019 and 2018, respectively. Federal, state and local grants accounted for another 39% and 44% of revenues for the years ended June 30, 2019 and 2018, respectively.

The total cost of all program and services was \$13,750,776 and \$15,250,909 for the years ended June 30, 2019 and 2018, respectively. Instruction comprised 66% and 68% of district expenses for the years ended June 30, 2019 and 2018, respectively.

Business-Type Activities

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

- ◆ Food service expenses exceeded revenues and other financing sources by \$3,823, summer enrichment revenues exceeded expenses by \$3,612 and preschool program expenses exceeded revenues by \$306.
- ◆ Charges for services for all business-type activities represents \$164,001 of revenue, which is an amount paid by patrons for services.
- ◆ Federal and state reimbursements for the Food Service Fund for meals, including payments for free and reduced lunches and donated commodities was \$47,590.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2019 and 2018. The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions.

	<u>Total Cost of</u> <u>Services</u>		<u>Net Cost of</u> <u>Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Instruction	\$ 9,116,264	\$ 10,381,804	\$ 5,750,897	\$ 6,051,535
Support services				
Student and Instruction Related	1,300,380	1,423,622	1,092,231	1,108,240
General administration, school administration, business/central	1,458,329	1,506,851	1,175,251	1,104,815
Operation and maintenance of facilities	1,227,677	1,255,414	1,158,668	1,150,864
Pupil Transportation	622,987	655,073	356,756	378,375
Interest on Debt	25,139	28,145	25,139	28,145
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 13,750,776</u>	<u>\$ 15,250,909</u>	<u>\$ 9,558,942</u>	<u>\$ 9,821,974</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The School District as a Whole (Continued)

Governmental Activities (Continued)

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

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

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

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

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

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

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general, special revenue, capital projects and debt service funds presented in the fund-based statements) had total revenues and other financing sources of \$14,447,330 and \$12,527,752 and expenditures and other financing uses of \$13,256,267 and \$12,949,402 for the fiscal years ended June 30, 2019 and 2018, respectively. The net change in all fund balances for the years ended June 30, 2019 and June 30, 2018 was an increase of \$1,191,063 and a decrease of \$212,768, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2019 and 2018.

<u>Revenue</u>	<u>Amount</u>		<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
	<u>2019</u>	<u>2018</u>		
Local Sources	\$ 8,566,563	\$ 8,574,433	\$ (7,870)	-0.09%
State Sources	3,887,463	3,690,687	196,776	5.33%
Federal Sources	<u>215,127</u>	<u>253,750</u>	<u>(38,623)</u>	-15.22%
Total	<u>\$ 12,669,153</u>	<u>\$ 12,518,870</u>	<u>\$ 150,283</u>	1.20%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The School District's Funds (Continued)

The following schedule presents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2019 and 2018.

<u>Expenditures</u>	<u>2019</u>	<u>Amount</u> <u>2018</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Current:				
Instruction	\$ 8,001,672	\$ 7,945,022	\$ 56,650	0.71%
Support Services	4,034,976	3,948,212	86,764	2.20%
Capital outlay	939,555	650,391	289,164	44.46%
Debt service:				
Principal	252,637	173,110	79,527	45.94%
Interest and other charges	<u>24,127</u>	<u>23,785</u>	<u>342</u>	1.44%
 Total	 <u>\$ 13,252,967</u>	 <u>\$ 12,740,520</u>	 <u>\$ 512,447</u>	 4.02%

General Fund Budgeting Highlights

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

During the course of the fiscal year ended June 30, 2019, the school district amended its General Fund budget as needed. The school district uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Several of these revisions bear notation:

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

While the district's final budget for the general fund anticipated that revenues and other financing sources and expenditures and other financing uses would roughly equal, the actual results for the year reflect an increase of \$1,191,063 (GAAP Basis) in Governmental Funds fund balances as a result of the bond sale proceeds funding the prior year deficit in the Capital Projects Fund from fiscal year 2018 to 2019.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Capital Assets

As of June 30, 2019 and 2018, the school district had capital assets of \$4,946,615 and \$4,374,118 invested in land, buildings, furniture and equipment, and vehicles, net of accumulated depreciation, respectively. Set forth below is a comparison of capital assets as of June 30, 2019 and 2018:

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 243,393	\$ 243,393			\$ 243,393	\$ 243,393
Construction In Progress	217,734				217,734	-
Buildings and Improvements	8,067,804	7,724,293			8,067,804	7,724,293
Site Improvements	791,545	509,136			791,545	509,136
Machinery and Equipment	1,643,609	1,547,708	\$ 92,476	\$ 84,836	1,736,085	1,632,544
	10,964,085	10,024,530	92,476	84,836	11,056,561	10,109,366
Less Depreciation	<u>(6,039,515)</u>	<u>(5,659,479)</u>	<u>(70,431)</u>	<u>(75,769)</u>	<u>(6,109,946)</u>	<u>(5,735,248)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 4,924,570</u>	<u>\$ 4,365,051</u>	<u>\$ 22,045</u>	<u>\$ 9,067</u>	<u>\$ 4,946,615</u>	<u>\$ 4,374,118</u>

Overall net capital assets increased \$572,497 from fiscal year 2018 to fiscal year 2019 as a result of acquisitions exceeding depreciation.

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

Debt Administration

At June 30, 2019 and 2018, the school district had \$5,439,957 and \$4,323,360 of long-term liabilities, respectively. Of this amount \$578,841 and \$555,498 is for compensated absences, \$795,497 and \$624,785 is for capital leases and \$1,460,000 and \$85,000 for serial bonds and \$2,605,619 and \$3,058,077 for net pension liability for the years ended June 30, 2019 and 2018, respectively.

At June 30, 2019, the school district's overall legal debt margin was \$24,085,449 and the unutilized debt margin was \$22,622,233. Following is a summary of the bond issue for which the District is currently paying debt service.

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance, June 30,</u>	
			<u>2019</u>	<u>2018</u>
School Bonds	08/01/2011	\$ 550,000		\$ 85,000
School Bonds	3/15/2019	1,460,000	\$ 1,460,000	-
			<u>\$ 1,460,000</u>	<u>\$ 85,000</u>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

For the Future

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

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

Contacting the School District's Financial Management

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

FINANCIAL STATEMENTS

FRANKFORD TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,291,450	\$ 43,830	\$ 2,335,280
Receivables, net			
Receivables from Other Governments	127,697	1,945	129,642
Other Receivables	24,894	1,174	26,068
Internal Balances	399	(399)	
Inventories		7,644	7,644
Capital Assets, net			
Not Being Depreciated	461,127		461,127
Being Depreciated	4,463,443	22,045	4,485,488
Total Assets	<u>7,369,010</u>	<u>76,239</u>	<u>7,445,249</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>566,344</u>	-	<u>566,344</u>
Total Deferred Outflows of Resources	<u>566,344</u>	-	<u>566,344</u>
Total Assets and Deferred Outflows of Resources	<u>7,935,354</u>	<u>76,239</u>	<u>8,011,593</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	86,277	18,581	104,858
Accrued Interest Payable	22,160		22,160
Unearned Revenue	37,528		37,528
Noncurrent Liabilities			
Due within one year	253,374	4,793	258,167
Due beyond one year	5,166,411	15,379	5,181,790
Total Liabilities	<u>5,565,750</u>	<u>38,753</u>	<u>5,604,503</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		3,600	3,600
Deferred Amounts on Net Pension Liability	<u>946,054</u>	-	<u>946,054</u>
Total Deferred Inflows of Resources	<u>946,054</u>	<u>3,600</u>	<u>949,654</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,511,804</u>	<u>42,353</u>	<u>6,554,157</u>
NET POSITION			
Net Investment in Capital Assets	2,784,764	1,873	2,786,637
Restricted for			
Capital Projects	1,157,875		1,157,875
Debt Service	21,553		21,553
Other Purposes	299,027		299,027
Unrestricted	<u>(2,839,669)</u>	<u>32,013</u>	<u>(2,807,656)</u>
Total Net Position	<u>\$ 1,423,550</u>	<u>\$ 33,886</u>	<u>\$ 1,457,436</u>

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 6,325,045		\$ 1,968,626		\$ (4,356,419)		\$ (4,356,419)
Special Education	2,024,498		1,150,255		(874,243)		(874,243)
Other Instruction	637,549		209,158		(428,391)		(428,391)
School Sponsored Activities and Athletics	129,172		37,328		(91,844)		(91,844)
Support Services							
Student and Instruction Related Services	1,300,380		208,149		(1,092,231)		(1,092,231)
General Administration Services	464,971		100,950		(364,021)		(364,021)
School Administration Services	444,531		95,195		(349,336)		(349,336)
Business/Central Services	548,827		86,933		(461,894)		(461,894)
Operation and Maintenance of Facilities	1,227,677		69,009		(1,158,668)		(1,158,668)
Pupil Transportation	622,987		266,231		(356,756)		(356,756)
Interest on Debt	25,139	-	-	-	(25,139)	-	(25,139)
Total Governmental Activities	13,750,776	-	4,191,834	-	(9,558,942)	-	(9,558,942)
Business-Type Activities							
Food Service	171,325	\$ 115,832	47,590			\$ (7,903)	(7,903)
Summer Enrichment	21,057	24,669				3,612	3,612
Preschool Program	23,806	23,500	-			(306)	(306)
Total Business-Type Activities	216,188	164,001	47,590	-	-	(4,597)	(4,597)
Total Primary Government	\$ 13,966,964	\$ 164,001	\$ 4,239,424	\$ -	(9,558,942)	(4,597)	(9,563,539)
General Revenues							
Property Taxes, Levied for General purposes					8,373,947		8,373,947
Property Taxes Levied for Debt Service					78,303		78,303
State Aid - Restricted - Debt Service					7,313		7,313
State Aid - Unrestricted					1,188,837		1,188,837
Miscellaneous Revenues					40,246		40,246
Investment Earnings					59,282	780	60,062
Transfers					(3,300)	3,300	-
Total General Revenues and Transfers					9,744,628	4,080	9,748,708
Change in Net Position					185,686	(517)	185,169
Net Position, July 1, 2018					1,237,864	34,403	1,272,267
Net Position, June 30, 2019					\$ 1,423,550	\$ 33,886	\$ 1,457,436

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

FUND FINANCIAL STATEMENTS

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,094,937		\$ 174,960	\$ 21,553	\$ 2,291,450
Due from Other Funds	72,721				72,721
Receivables from:					
Governments	21,494	\$ 106,203			127,697
Other	16,424	6,045	-	-	22,469
	<u>2,205,576</u>	<u>112,248</u>	<u>174,960</u>	<u>21,553</u>	<u>2,514,337</u>
Total Assets	\$ 2,205,576	\$ 112,248	\$ 174,960	\$ 21,553	\$ 2,514,337
LIABILITIES					
Liabilities					
Accounts Payable	\$ 79,954	\$ 4,823	\$ 1,500		\$ 86,277
Due to Other Funds		69,897			69,897
Unearned Revenue	-	37,528	-	-	37,528
	<u>79,954</u>	<u>112,248</u>	<u>1,500</u>	<u>-</u>	<u>193,702</u>
Total Liabilities	79,954	112,248	1,500	-	193,702
FUND BALANCES					
Restricted Fund Balance					
Excess Surplus - Designated					
for Subsequent Year's Expenditures	250,000				250,000
Excess Surplus	150,000				150,000
Capital Reserve	984,415				984,415
Maintenance Reserve	299,027				299,027
Capital Projects			173,460		173,460
Debt Service				\$ 21,553	21,553
Committed Fund Balance					
Year Encumbrances	302,666				302,666
Assigned					
Year End Encumbrances	75,531				75,531
Unassigned	63,983	-	-	-	63,983
	<u>2,125,622</u>	<u>-</u>	<u>173,460</u>	<u>21,553</u>	<u>2,320,635</u>
Total Fund Balances	2,125,622	-	173,460	21,553	2,320,635
Total Liabilities and Fund Balances	\$ 2,205,576	\$ 112,248	\$ 174,960	\$ 21,553	\$ 2,514,337

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

Total Fund Balances Governmental Funds (Exhibit B-1) **\$ 2,320,635**

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,964,085 and the accumulated depreciation is \$6,039,515.

4,924,570

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.

	\$ 566,344	
Deferred Outflows of Resources	(946,054)	
Deferred Inflows of Resources	(379,710)	(379,710)

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

(22,160)

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

	(1,460,000)	
Bonds Payable	(775,325)	
Leases Payable	(578,841)	
Compensated Absences Payable	(2,605,619)	(5,419,785)
Net Pension Liability		

		\$ 1,423,550
Net Position of Governmental Activities (Exhibit A-1)		1,423,550

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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					
Property Tax Levy	\$ 8,373,947			\$ 78,303	\$ 8,452,250
Interest	59,282				59,282
Miscellaneous	40,204	\$ 14,785	-	42	55,031
Total - Local Sources	<u>8,473,433</u>	<u>14,785</u>	<u>-</u>	<u>78,345</u>	<u>8,566,563</u>
State Sources	3,880,150			7,313	3,887,463
Federal Sources	-	215,127	-	-	215,127
Total Revenues	<u>12,353,583</u>	<u>229,912</u>	<u>-</u>	<u>85,658</u>	<u>12,669,153</u>
EXPENDITURES					
Current					
Regular Instruction	5,499,199	18,307			5,517,506
Special Education Instruction	1,772,433	46,850			1,819,283
Other Instruction	550,420				550,420
School-Sponsored Activities and Athletics	114,463				114,463
Support Services					
Student and Instruction Related Services	1,068,412	164,755			1,233,167
General Administration Services	421,218				421,218
School Administration Services	373,784				373,784
Business / Central Services	504,917				504,917
Plant Operations and Maintenance	905,151				905,151
Pupil Transportation	596,739				596,739
Debt Service					
Principal	167,637			85,000	252,637
Interest and Other Charges	23,511			616	24,127
Capital Outlay	838,048	-	\$ 101,507	-	939,555
Total Expenditures	<u>12,835,932</u>	<u>229,912</u>	<u>101,507</u>	<u>85,616</u>	<u>13,252,967</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(482,349)</u>	<u>-</u>	<u>(101,507)</u>	<u>42</u>	<u>(583,814)</u>
Other Financing Sources (Uses)					
Proceeds from Bond Sale			1,460,000		1,460,000
Capital Lease Proceeds (Non-Budget)	318,177				318,177
Transfers Out	(3,300)	-	-	-	(3,300)
Total Other Financing Sources and Uses	<u>314,877</u>	<u>-</u>	<u>1,460,000</u>	<u>-</u>	<u>1,774,877</u>
Net Change in Fund Balances	(167,472)	-	1,358,493	42	1,191,063
Fund Balance (Deficit), Beginning of Year	<u>2,293,094</u>	<u>-</u>	<u>(1,185,033)</u>	<u>21,511</u>	<u>1,129,572</u>
Fund Balance, End of Year	<u>\$ 2,125,622</u>	<u>\$ -</u>	<u>\$ 173,460</u>	<u>\$ 21,553</u>	<u>\$ 2,320,635</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 1,191,063

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

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

Depreciation Expense	\$	(380,036)	
Capital Outlays		939,555	559,519

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt Issued			
Capital Leases Financing		(318,177)	
Issuance of General Obligation Bonds		(1,460,000)	
Principal Repayments			
Bonds Payable Paid		85,000	
Capital Leases Paid		167,637	(1,525,540)

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

Compensated Absences		(23,343)	
Pension Expense		(15,001)	(38,344)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. An increase in accrued interest is a decrease in the reconciliation and a decrease in accrued interest is an increase. (1,012)

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 185,686

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019**

	<u>Food Service Fund</u>	<u>Other Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 24,042	\$ 19,788	\$ 43,830
Intergovernmental Receivable			
Federal	1,836		1,836
State	109		109
Other Accounts Receivable	674	500	1,174
Due from Other Funds		500	500
Inventories	7,644	-	7,644
	<u>34,305</u>	<u>20,788</u>	<u>55,093</u>
Total Current Assets			
Capital Assets			
Equipment	92,476		92,476
Less: Accumulated Depreciation	(70,431)	-	(70,431)
	<u>22,045</u>	<u>-</u>	<u>22,045</u>
Total Capital Assets			
Total Assets	<u>56,350</u>	<u>20,788</u>	<u>77,138</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	18,581		18,581
Due to Other Funds	399	500	899
	<u>18,980</u>	<u>500</u>	<u>19,480</u>
Total Current Liabilities			
Noncurrent Liabilities			
Leases Payable	20,172	-	20,172
	<u>20,172</u>	<u>-</u>	<u>20,172</u>
Total Noncurrent Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	3,600	-	3,600
	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	<u>42,752</u>	<u>500</u>	<u>43,252</u>
NET POSITION			
Net Investment in Capital Assets	1,873		1,873
Unrestricted	11,725	20,288	32,013
	<u>13,598</u>	<u>20,288</u>	<u>33,886</u>
Total Net Position	<u>\$ 13,598</u>	<u>\$ 20,288</u>	<u>\$ 33,886</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Food Service Fund</u>	<u>Other Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 88,183		\$ 88,183
Daily Sales - Non-Reimbursable Programs	27,649		27,649
Program Fees	-	\$ 48,169	48,169
Total Operating Revenues	<u>115,832</u>	<u>48,169</u>	<u>164,001</u>
OPERATING EXPENSES			
Salaries, Wages and Payroll Taxes	67,663	38,012	105,675
Cost of Sales - Reimbursable	68,165		68,165
Cost of Sales - Non-Reimbursable	9,122		9,122
Management Fee	6,963		6,963
Insurance	6,536		6,536
Purchased Professional Services	1,074		1,074
Supplies	3,012	1,062	4,074
Depreciation	2,562		2,562
Miscellaneous	6,228	5,789	12,017
Total Operating Expenses	<u>171,325</u>	<u>44,863</u>	<u>216,188</u>
Operating Income (Loss)	<u>(55,493)</u>	<u>3,306</u>	<u>(52,187)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	1,889		1,889
Federal Sources			
School Lunch Program	34,023		34,023
Food Distribution Program	11,678		11,678
Interest on deposits	780	-	780
Total Nonoperating Revenues	<u>48,370</u>	<u>-</u>	<u>48,370</u>
Other Financing Sources			
Transfer In	3,300	-	3,300
Total Other Financing Sources	<u>3,300</u>	<u>-</u>	<u>3,300</u>
Change in Net Position	(3,823)	3,306	(517)
Net Position, Beginning of Year	<u>17,421</u>	<u>16,982</u>	<u>34,403</u>
Net Position, End of Year	<u>\$ 13,598</u>	<u>\$ 20,288</u>	<u>\$ 33,886</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Food Service Fund</u>	<u>Other Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 115,158	\$ 47,669	\$ 162,827
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(67,663)	(38,012)	(105,675)
Cash Payments to Suppliers for Goods and Services	<u>(71,358)</u>	<u>(6,851)</u>	<u>(78,209)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(23,863)</u>	<u>2,806</u>	<u>(21,057)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from (Paid to) Other Funds	3,330		3,330
Cash Received from State and Federal Subsidy Reimbursements	<u>37,123</u>	<u>-</u>	<u>37,123</u>
Net Cash Provided by Noncapital Financing Activities	<u>40,453</u>	<u>-</u>	<u>40,453</u>
Cash Flows from Capital and Related Financing Activities			
Capital Lease Proceeds	25,615		25,615
Repayment of Capital Lease Obligations	(5,443)		(5,443)
Purchases of Equipment	<u>(15,540)</u>	<u>-</u>	<u>(15,540)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>4,632</u>	<u>-</u>	<u>4,632</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>780</u>	<u>-</u>	<u>780</u>
Net Cash Provided by Investing Activities	<u>780</u>	<u>-</u>	<u>780</u>
Net Increase in Cash and Cash Equivalents	22,002	2,806	24,808
Cash and Cash Equivalents, Beginning of Year	<u>2,040</u>	<u>16,982</u>	<u>19,022</u>
Cash and Cash Equivalents, End of Year	<u>\$ 24,042</u>	<u>\$ 19,788</u>	<u>\$ 43,830</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) by Operating Activities			
Operating Income (Loss)	\$ (55,493)	\$ 3,306	\$ (52,187)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	2,562		2,562
Federal Commodities	11,678		11,678
Change in Assets and Liabilities (Increase)/Decrease in Inventory	(517)		(517)
(Increase)/Decrease in Other Receivable	(674)	(500)	(1,174)
Increase/(Decrease) in Accounts Payable	18,581		18,581
Total Adjustments	<u>31,630</u>	<u>(500)</u>	<u>31,130</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (23,863)</u>	<u>\$ 2,806</u>	<u>\$ (21,057)</u>
Non-Cash Financing Activities			
National School Lunch Program (Food Distribution)	<u>\$ 12,302</u>	<u>\$ -</u>	<u>\$ 12,302</u>

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 109,545	\$ 44,218
Total Assets	<u>109,545</u>	<u>\$ 44,218</u>
LIABILITIES		
Due to Other Funds		\$ 2,425
Due to Student Groups	-	<u>41,793</u>
Total Liabilities	<u>-</u>	<u>\$ 44,218</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 109,545</u>	

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions	
Employees	\$ 10,807
Interest on Deposits	<u>2,064</u>
Total Additions	<u>12,871</u>
Change in Net Position	12,871
Net Position, Beginning of Year	<u>96,674</u>
Net Position, End of Year	<u><u>\$ 109,545</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Frankford Township Board of Education this includes general operations, food service, summer enrichment, preschool program and student related activities of the District.

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

B. New Accounting Standards

During fiscal year 2019, the District adopted the following GASB statement as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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.

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal 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.

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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 food service enterprise fund to be major funds.

The District reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

Additionally, the government reports the following fund types:

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

The *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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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.

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

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

4. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Site Improvements	10-20
Buildings	30-40
Building Improvements	10-20
Machinery and Equipment	5-15

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

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

7. Pensions

In the district-wide financial statements and proprietary fund types in the fund 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.

FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 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 2B).

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 2C).

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (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.

Year-End Encumbrances – 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.

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

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

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.

10. *Fund Balance Policies*

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 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 Expenditures - Tuition charges for the fiscal years 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 13, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original General Fund budget by \$132,125. The increase was funded by transfers of maintenance reserve funds, the appropriation of prior year extraordinary aid and nonpublic transportation aid and the reappropriation of prior year General Fund encumbrances. Additionally, the District reduced the General Fund budget by \$128,083 due to the reduction in State aid. As a result, the original General Fund budget increased by a net amount of \$4,042. The District increased the Special Revenue Fund original budget by \$54,251 as a result of increased grant awards.

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

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

B. Capital Reserve

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

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The District increased the Special Revenue Fund original budget by \$54,251 as a result of increased grant awards.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018		\$ 1,314,312
Increased by:		
Interest Earnings	\$ 1,000	
Deposits from Unexpended Capital Reserve	49,225	
Deposits Approved by Board Resolution	<u>336,144</u>	
		<u>386,369</u>
		1,700,681
Decreased by:		
Withdrawals Approved in District Budget		<u>716,266</u>
Balance, June 30, 2019		<u>\$ 984,415</u>

The June 30, 2019 LRFPS balance of local support costs of uncompleted capital projects is \$2,769,780. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

C. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, June 30, 2018		\$ 256,012
Increased by:		
Interest Earnings	\$ 1,000	
Deposits from Unexpended Maintenance Reserve	3,015	
Deposits Approved by Board Resolution	<u>50,000</u>	
		<u>54,015</u>
		310,027
Decreased by:		
Withdrawals Approved by Board Resolution		<u>11,000</u>
Balance, June 30, 2019		<u>\$ 299,027</u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$535,689. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

D. Emergency Reserve

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

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

The activity of the emergency reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, June 30, 2018		<u>\$ 215,734</u>
Decreased by:		
Withdrawals Approved in District Budget		<u>215,734</u>
Balance, June 30, 2019		<u>\$ -</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2019 is \$400,000. Of this amount, \$250,000 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$150,000 will be appropriated in the 2020/2021 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

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, 2019, the book value of the Board's deposits were \$2,489,043 and bank and brokerage firm balances of the Board's deposits amounted to \$2,637,511. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>2,637,511</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, 2019, none of the Board's bank balances were exposed to custodial credit risk.

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2019, the Board had no outstanding investments.

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

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

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

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

B. Receivables

Receivables as of June 30, 2019 for the district’s individual major funds and nonmajor fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Preschool Program Fund</u>	<u>Total</u>
Receivables:					
Other	\$ 16,424	\$ 6,045	\$ 674	\$ 500	\$ 23,643
Intergovernmental					
Federal		106,203	1,836		108,039
State	21,494	-	109	-	21,603
Gross Receivables	<u>37,918</u>	<u>112,248</u>	<u>2,619</u>	<u>500</u>	<u>153,285</u>
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 37,918</u>	<u>\$ 112,248</u>	<u>\$ 2,619</u>	<u>\$ 500</u>	<u>\$ 153,285</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 18,081
Grant Draw Downs Reserved for Encumbrances	<u>19,447</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 37,528</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 243,393			\$ 243,393
Construction in Progress	<u>-</u>	<u>\$ 217,734</u>	<u>-</u>	<u>217,734</u>
Total capital assets, not being depreciated	<u>243,393</u>	<u>217,734</u>	<u>-</u>	<u>461,127</u>
Capital assets, being depreciated:				
Buildings and Improvements	7,724,293	343,511		8,067,804
Site Improvements	509,136	282,409		791,545
Machinery and Equipment	<u>1,547,708</u>	<u>95,901</u>	<u>-</u>	<u>1,643,609</u>
Total capital assets being depreciated	<u>9,781,137</u>	<u>721,821</u>	<u>-</u>	<u>10,502,958</u>
Less accumulated depreciation for:				
Buildings and Improvements	(4,188,582)	(249,270)		(4,437,852)
Site Improvements	(337,633)	(28,930)		(366,563)
Machinery and equipment	<u>(1,133,264)</u>	<u>(101,836)</u>	<u>-</u>	<u>(1,235,100)</u>
Total accumulated depreciation	<u>(5,659,479)</u>	<u>(380,036)</u>	<u>-</u>	<u>(6,039,515)</u>
Total capital assets, being depreciated, net	<u>4,121,658</u>	<u>341,785</u>	<u>-</u>	<u>4,463,443</u>
Governmental activities capital assets, net	<u>\$ 4,365,051</u>	<u>\$ 559,519</u>	<u>\$ -</u>	<u>\$ 4,924,570</u>
	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 84,836	\$ 15,540	\$ (7,900)	\$ 92,476
Total capital assets being depreciated	<u>84,836</u>	<u>15,540</u>	<u>(7,900)</u>	<u>92,476</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(75,769)</u>	<u>(2,562)</u>	<u>7,900</u>	<u>(70,431)</u>
Total accumulated depreciation	<u>(75,769)</u>	<u>(2,562)</u>	<u>7,900</u>	<u>(70,431)</u>
Total capital assets, being depreciated, net	<u>9,067</u>	<u>12,978</u>	<u>-</u>	<u>22,045</u>
Business-type activities capital assets, net	<u>\$ 9,067</u>	<u>\$ 12,978</u>	<u>\$ -</u>	<u>\$ 22,045</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 23,026
Total Instruction	<u>23,026</u>
Support Services	
Student and Instruction Related Services	9,592
General Administration	2,132
School Administration	26,829
Operation and Maintenance of Plant Services	301,075
Student Transportation	<u>17,382</u>
Total Support Services	<u>357,010</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 380,036</u>

Business-Type Activities:

Food Service Fund	<u>\$ 2,562</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,562</u>

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2019:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Sidewalk and Walkway Pavement Project	\$ 242,496	\$ 12,763
Gymnasium and Multi-Purpose Room Roof Replacement Project	215,984	<u>282,266</u>
Total		<u>\$ 295,029</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 69,897
General Fund	Food Service Fund	399
General Fund	Payroll Agency Fund	2,425
Summer Enrichment Fund	Preschool Program Fund	<u>500</u>
 Total		 <u>\$ 73,221</u>

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

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

Interfund transfers

	<u>Transfer In</u>
	Food Service Fund
Transfer Out:	
General Fund	<u>\$ 3,300</u>
	<u>\$ 3,300</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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing buses and vehicles totaling \$107,124, copiers totaling \$34,575, chromebooks totaling \$129,303, various building improvements totaling \$1,004,036 and food service equipment totaling \$25,615 under capital leases. The leases are for terms of 5 to 15 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and Equipment	\$ 141,699	\$ 25,615
Building Improvements	1,004,036	
Less: Accumulated Depreciation	<u>(333,361)</u>	<u>(2,562)</u>
 Total	 <u>\$ 812,374</u>	 <u>\$ 23,053</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$ 191,148	5,482
2021	185,153	5,482
2022	168,240	5,482
2023	105,175	5,482
2024	70,761	-
2025-2026	<u>141,521</u>	<u>-</u>
 Total minimum lease payments	 861,998	 21,928
Less: amount representing interest	<u>(86,673)</u>	<u>(1,756)</u>
Present value of minimum lease payments	<u>\$ 775,325</u>	<u>\$ 20,172</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets and other purposes permitted by statute. 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, 2019 is comprised of the following issue:

\$1,460,000, 2019 School Bonds, due in annual installments of \$90,000 to \$180,000 through March 15, 2029 interest at 2.000% to 3.000% \$1,460,000

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>	
2020	\$ 90,000	\$ 31,988	\$ 121,988
2021	180,000	30,188	210,188
2022	135,000	26,588	161,588
2023	140,000	23,887	163,887
2024	145,000	21,087	166,087
2025-2029	<u>770,000</u>	<u>59,362</u>	<u>829,362</u>
Totals	<u>\$ 1,460,000</u>	<u>\$ 193,100</u>	<u>\$ 1,653,100</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 24,085,449
Less: Net Debt	<u>1,463,216</u>
Remaining Borrowing Power	<u>\$ 22,622,233</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 85,000	\$ 1,460,000	\$ 85,000	\$ 1,460,000	\$ 90,000
Leases Payable	624,785	318,177	167,637	775,325	163,374
Compensated Absences Payable	555,498	32,558	9,215	578,841	
Net Pension Liability	<u>3,058,077</u>	<u>-</u>	<u>452,458</u>	<u>2,605,619</u>	<u>-</u>
 Governmental Activity Long-term liabilities	 <u>\$ 4,323,360</u>	 <u>\$ 1,810,735</u>	 <u>\$ 714,310</u>	 <u>\$ 5,419,785</u>	 <u>\$ 253,374</u>
Business-Type Activities:					
Leases Payable	<u>\$ -</u>	<u>\$ 25,615</u>	<u>\$ 5,443</u>	<u>\$ 20,172</u>	<u>4,793</u>
 Business-Type Activity Long-term liabilities	 <u>\$ -</u>	 <u>\$ 25,615</u>	 <u>\$ 5,443</u>	 <u>\$ 20,172</u>	 <u>\$ 4,793</u>

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

I. Short-Term Debt

The Board’s short-term activity for the fiscal year ended June 30, 2019 was as follows:

Bond Anticipation Notes

The Board issued a School Promissory Note (“the Note”) to interim finance the 2016 referendum capital project that was approved by the voters on September 27, 2016. The Board’s short-term debt activity for the fiscal year ended June 30, 2019 was as follows:

<u>Purpose</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
2016 Referendum -				
New Security Vestibules and Partial Roof Replacement	\$ 1,463,216	\$ -	\$ 1,463,216	\$ -
	<u>\$ 1,463,216</u>	<u>\$ -</u>	<u>\$ 1,463,216</u>	<u>\$ -</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 10,807		\$ 109,545
2018	10,806	\$ 527	96,674
2017	10,670	981	85,332

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2019, 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2019, the District has not estimated its arbitrage earnings due to the IRS, if any.

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 Board employees who are eligible for pension coverage:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers’ Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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.

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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed 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>
2019	\$ 131,631	\$ 971,832	\$ 7,910
2018	121,700	756,895	7,845
2017	119,350	593,688	6,956

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$319, \$321 and \$156, respectively for PERS and the State contributed \$1,300, \$1,439 and \$1,591, 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 \$372,804 during the fiscal year ended June 30, 2019 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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. 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 measurement period July 1, 2017 through June 30, 2018. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$2,605,619 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .01323 percent, which was an increase of .00010 percent from its proportionate share measured as of June 30, 2017 of .01313 percent.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$146,632 for PERS. The pension contribution made by the District during the current 2018/2019 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, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. 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, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, 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	\$ 49,690	\$ 13,435
Changes of Assumptions	429,363	833,138
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		24,441
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>87,291</u>	<u>75,040</u>
Total	<u>\$ 566,344</u>	<u>\$ 946,054</u>

At June 30, 2019, 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:

<u>Year Ending June 30,</u>	<u>Total</u>
2020	\$ 19,702
2021	(13,892)
2022	(180,001)
2023	(158,216)
2024	(47,303)
Thereafter	<u>-</u>
	<u>\$ (379,710)</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District’s total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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 Equity	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
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 Asset	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>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. 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, 2018, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,860,995 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$31,922,926. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .05017 percent, which was a decrease of .00261 percent from its proportionate share measured as of June 30, 2017 of .05278 percent.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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%

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 37,732,292</u>	<u>\$ 31,922,926</u>	<u>\$ 27,107,103</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

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 for the fiscal year ended June 30, 2018. 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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>362,181</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$440,822, \$488,862 and \$494,677, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2017 through June 30, 2018. 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 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)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$822,268. 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, 2019 the State’s proportionate share of the OPEB liability attributable to the District is \$26,432,782. 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, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state’s share of the OPEB liability attributable to the District was .05732 percent, which was a decrease of .00153 percent from its proportionate share measured as of June 30, 2017 of .05885 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
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.

The actuarial assumptions used in the June 30, 2017 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.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight 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 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 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)

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, 2018.

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>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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.

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, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ 31,568,544
Changes Recognized for the Fiscal Year:	
Service Cost	855,531
Interest on the Total OPEB Liability	1,148,675
Differences Between Expected and Actual Experience	(3,424,299)
Changes of Assumptions	(3,033,294)
Gross Benefit Payments	(706,803)
Contributions from the Member	24,428
Net Changes	\$ (5,135,762)
Balance, June 30, 2018 Measurement Date	\$ 26,432,782

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

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, 2018. 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, 2018 was not provided by the pension system.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 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

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 3.87%, 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 31,248,929	\$ 26,432,782	\$ 22,604,442

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 21,848,234	\$ 26,432,782	\$ 32,496,022

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

F. Tax Abatements

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 MERGER OF NON-OPERATING SCHOOL DISTRICT

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

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

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

NOTE 6 SUBSEQUENT EVENTS

As of November 18, 2019, the Board of Trustees have approved \$141,000 of withdrawals from the District's Maintenance Reserve for the repairs to the potable water system.

BUDGETARY COMPARISON SCHEDULES

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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	\$ 8,373,947		\$ 8,373,947	\$ 8,373,947	
Interest on Maintenance Reserve	1,000		1,000	1,000	
Interest on Capital Reserve	1,000		1,000	1,000	
Miscellaneous	3,000	-	3,000	97,486	\$ 94,486
Total Local Sources	<u>8,378,947</u>	<u>-</u>	<u>8,378,947</u>	<u>8,473,433</u>	<u>94,486</u>
State Sources					
Security Aid	48,682		48,682	48,682	
Transportation Aid	253,966		253,966	253,966	
Special Education Categorical Aid	401,777		401,777	412,297	10,520
Equalization Aid	3,996		3,996	3,996	-
Adjustment Aid	1,309,091	\$ (128,083)	1,181,008	1,170,485	(10,523)
Extraordinary Aid				196,469	196,469
Additional Non Public Transportation Aid				2,900	2,900
On-behalf TPAF Pension System Payments(Non-Budget)					
NCGI				19,926	19,926
Normal Cost				951,906	951,906
Long-Term Disability Insurance Contribution				1,300	1,300
Post Retirement Medical Contribution				440,822	440,822
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	372,804	372,804
Total State Sources	<u>2,017,512</u>	<u>(128,083)</u>	<u>1,889,429</u>	<u>3,875,553</u>	<u>1,986,124</u>
Total Revenues	<u>10,396,459</u>	<u>(128,083)</u>	<u>10,268,376</u>	<u>12,348,986</u>	<u>2,080,610</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	266,369	5,609	271,978	269,102	2,876
Grades 1-5	1,679,142	17,757	1,696,899	1,696,896	3
Grades 6-8	1,194,694	(6,661)	1,188,033	1,173,491	14,542
Regular Program - Home Instruction					
Salaries of Teachers	3,000	(1,489)	1,511	1,511	
Purchased Professional-Educational Services	1,500	1,745	3,245	3,245	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	48,404	1,305	49,709	48,975	734
Other Purchased Services	111,397	(15,737)	95,660	94,920	740
General Supplies	116,986	9,980	126,966	94,874	32,092
Supplies Acquired Under Capital Lease - (Non-Budget)				129,321	(129,321)
Textbooks	25,000	10,108	35,108	6,860	28,248
Total Regular Programs	<u>3,446,492</u>	<u>22,617</u>	<u>3,469,109</u>	<u>3,519,195</u>	<u>(50,086)</u>

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 783,838	\$ (80,392)	\$ 703,446	\$ 702,798	\$ 648
Other Salaries for Instruction	262,323	(24,195)	238,128	236,377	1,751
General Supplies	5,150	53	5,203	4,444	759
Total Resource Room/Resource Center	<u>1,051,311</u>	<u>(104,534)</u>	<u>946,777</u>	<u>943,619</u>	<u>3,158</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	88,047	(495)	87,552	86,938	614
Other Salaries for Instruction	14,495	15,119	29,614	29,306	308
General Supplies	690	-	690	30	660
Total Preschool Disabilities - Part-Time	<u>103,232</u>	<u>14,624</u>	<u>117,856</u>	<u>116,274</u>	<u>1,582</u>
Total Special Education	<u>1,154,543</u>	<u>(89,910)</u>	<u>1,064,633</u>	<u>1,059,893</u>	<u>4,740</u>
Basic Skills/Remedial					
Salaries of Teachers	320,417		320,417	317,692	2,725
General Supplies	2,335	245	2,580	1,595	985
Total Basic Skills/Remedial	<u>322,752</u>	<u>245</u>	<u>322,997</u>	<u>319,287</u>	<u>3,710</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	36,900		36,900	35,177	1,723
Purchased Services	2,250		2,250	1,726	524
Supplies and Materials	1,900		1,900	1,900	-
Transfer to Cover Deficit	8,000	-	8,000	7,065	935
Total School Sponsored Co/Extra Curricular Activities	<u>49,050</u>	<u>-</u>	<u>49,050</u>	<u>45,868</u>	<u>3,182</u>
School Sponsored Athletics					
Salaries	25,700		25,700	25,042	658
Purchased Services	6,660		6,660	5,435	1,225
Supplies and Materials	700	-	700	389	311
Total School Sponsored Athletics	<u>33,060</u>	<u>-</u>	<u>33,060</u>	<u>30,866</u>	<u>2,194</u>
Summer School - Instruction					
Salaries of Teachers	31,298		31,298	19,729	11,569
Purchased Professional and Technical Services	2,880		2,880		2,880
General Supplies	500	-	500	-	500
Total Summer School - Instruction	<u>34,678</u>	<u>-</u>	<u>34,678</u>	<u>19,729</u>	<u>14,949</u>
Total Instruction	<u>5,040,575</u>	<u>(67,048)</u>	<u>4,973,527</u>	<u>4,994,838</u>	<u>(21,311)</u>

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular		\$ 20,372	\$ 20,372	\$ 20,372	
Tuition to Other LEAs Within the State - Special	\$ 40,000	71,646	111,646	111,645	\$ 1
Tuition to Priv. Sch. for the Disabled Within the State	-	5,390	5,390	5,388	2
Total Undistributed Expenditures - Instruction	40,000	97,408	137,408	137,405	3
Health Services					
Salaries	61,508	3,977	65,485	61,810	3,675
Purchased Professional and Technical Services	6,100	1,500	7,600	7,340	260
Supplies and Materials	7,400	(1,500)	5,900	1,893	4,007
Other Objects	200	-	200	105	95
Total Health Services	75,208	3,977	79,185	71,148	8,037
Speech, OT, PT & Related Services					
Salaries	135,225		135,225	133,637	1,588
Purchased Professional-Educational Services	11,000		11,000	6,735	4,265
Supplies and Materials	785	-	785	163	622
Total Speech, OT, PT & Related Services	147,010	-	147,010	140,535	6,475
Guidance					
Salaries of Other Professional Staff	160,041		160,041	160,041	
Supplies and Materials	655	-	655	519	136
Total Guidance	160,696	-	160,696	160,560	136
Child Study Teams					
Salaries of Other Professional Staff	254,467	3,071	257,538	257,537	1
Supplies and Materials	5,066	(1)	5,065	1,660	3,405
Other Objects	200	-	200	-	200
Total Child Study Teams	259,733	3,070	262,803	259,197	3,606
Improvement of Inst. Serv.					
Salaries of Other Professional Staff	103,019	976	103,995	103,994	1
Other Purchased Services	400	500	900	900	-
Other Objects	1,500	(466)	1,034	1,034	-
Total Improvement of Inst. Serv.	104,919	1,010	105,929	105,928	1

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 30,934		\$ 30,934	\$ 30,934	
Purchased Professional and Technical Services	5,300		5,300		\$ 5,300
Supplies and Materials	13,500	\$ 163	13,663	5,993	7,670
Total Educational Media Serv./School Library	<u>49,734</u>	<u>163</u>	<u>49,897</u>	<u>36,927</u>	<u>12,970</u>
Instructional Staff Training Services					
Purchased Professional - Educational Services	13,000	(12,617)	383		383
Other Purchased Services	8,250	4,215	12,465	10,586	1,879
Total Instructional Staff Training Services	<u>21,250</u>	<u>(8,402)</u>	<u>12,848</u>	<u>10,586</u>	<u>2,262</u>
Support Services General Administration					
Salaries	202,147	(130)	202,017	202,017	
Legal Services	10,000	(4,127)	5,873	5,873	
Audit Fees	23,100	21,884	44,984	23,684	21,300
Architectural/Engineering Services	5,000	34,050	39,050	36,050	3,000
Other Purchased Professional Services	3,550	(705)	2,845	2,845	
Communications/Telephone	14,500	(925)	13,575	13,573	2
BOE Other Purchased Services	3,000	4,124	7,124	5,223	1,901
Misc Purchased Services	2,900	(247)	2,653	2,652	1
General Supplies	4,200	(34)	4,166	4,164	2
Miscellaneous Expenditures	11,500	(2,505)	8,995	8,995	-
Total Support Services General Administration	<u>279,897</u>	<u>51,385</u>	<u>331,282</u>	<u>305,076</u>	<u>26,206</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	145,073	1	145,074	145,073	1
Salaries of Secretarial and Clerical Assistants	91,752	111	91,863	91,862	1
Other Purchased Services	4,050	1,194	5,244	5,239	5
Supplies and Materials	4,500	(245)	4,255	4,255	
Other Objects	1,800	(160)	1,640	1,640	-
Total Support Services School Administration	<u>247,175</u>	<u>901</u>	<u>248,076</u>	<u>248,069</u>	<u>7</u>
Central Services					
Salaries	221,065	(4,687)	216,378	216,378	
Purchased Professional Services	11,000	(103)	10,897	10,896	1
Purchased Technical Services	2,850	20	2,870	2,870	
Miscellaneous Purchased Services	2,600	(580)	2,020	2,019	1
Supplies and Materials	14,000	(2,581)	11,419	11,418	1
Interest on Lease Purchase Agreements	3,100	(3,100)			
Interest on Bond Anticipation Notes	31,400	8,840	40,240	40,238	2
Miscellaneous Expenditures	1,825	(390)	1,435	1,435	-
Total Central Services	<u>287,840</u>	<u>(2,581)</u>	<u>285,259</u>	<u>285,254</u>	<u>5</u>
Admin. Info. Tech.					
Salaries	76,902	-	76,902	76,902	
Other Purchased Services	2,000	(1,258)	742	742	-
Total Admin. Info. Tech.	<u>78,902</u>	<u>(1,258)</u>	<u>77,644</u>	<u>77,644</u>	<u>-</u>
Required Maintenance for School Facilities					
Salaries	71,293		71,293	71,293	
Cleaning, Repair and Maintenance	6,000	11,000	17,000	13,985	3,015
General Supplies	8,500	-	8,500	4,493	4,007
Total Required Maintenance for School Fac.	<u>85,793</u>	<u>11,000</u>	<u>96,793</u>	<u>89,771</u>	<u>7,022</u>

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 309,710	\$ (14,208)	\$ 295,502	\$ 294,156	\$ 1,346
Cleaning, Repair and Maint. Serv.	124,300	7,340	131,640	130,497	1,143
Lease Purchase Payments - Energy Savings Imprv Program	70,761		70,761	70,761	
Other Purchased Property Services	6,000		6,000	5,995	5
Insurance	84,538	2,019	86,557	86,557	
Miscellaneous Purchased Services	1,250		1,250	862	388
General Supplies	39,000	17,295	56,295	40,237	16,058
Energy (Natural Gas)	70,000	(17,629)	52,371	49,992	2,379
Energy (Electricity)	80,000	(1,225)	78,775	73,018	5,757
Other Objects	2,000	-	2,000	1,528	472
Total Custodial Services	787,559	(6,408)	781,151	753,603	27,548
Student Transportation Services					
Salaries of Non-Instructional Aides		23,212	23,212	23,211	1
Salaries for Pupil Transportation (Between Home and School) - Regular	106,690	2,060	108,750	108,745	5
Salaries for Pupil Transportation (Between Home and School) - Special		25,839	25,839	25,838	1
Salaries for Pupil Transportation (Other Than Between Home and School)	6,200		6,200	5,526	674
Other Purchased Prof. and Tech. Services	5,700		5,700	5,180	520
Cleaning, Repair and Maintenance Services	25,000	17,499	42,499	36,368	6,131
Lease Purchase Payments - School Buses	16,914	7,631	24,545	24,244	301
Contracted Services - Aid in Lieu of Payments- Non-Public Schools	25,000	(12,000)	13,000	13,000	
Contracted Services (Between Home and School)- Vendors	259,730	5,000	264,730	261,780	2,950
Contracted Services (Other than Between Home and School)-Vendors	12,000		12,000	9,104	2,896
Contracted Services (Between Home and School)- Joint Agreements	17,846	(2,000)	15,846	11,110	4,736
Contracted Services (Sp. Ed. Students) Vendors		7,200	7,200	7,160	40
Contracted Services (Sp. Ed. Students) Joint Agreements	58,956	(46,445)	12,511	7,701	4,810
Misc. Purchased Serv. - Transportation	4,700		4,700	4,388	312
General Supplies	17,000		17,000	14,668	2,332
Other Objects	1,200	150	1,350	1,349	1
Total Student Transportation Services	556,936	28,146	585,082	559,372	25,710
Unallocated Benefits - Employee Benefits					
Social Security Contributions	122,300	6,280	128,580	123,196	5,384
Other Retirement Contributions-PERS	110,000	21,950	131,950	131,950	
Other Retirement Contributions-Deferred PERS Pymt	9,000	(9,000)			
Other Retirement Contributions-Regular		9,000	9,000	7,910	1,090
Workmen's Compensation	125,450	6,548	131,998	131,998	
Health Benefits	1,756,768	(193,547)	1,563,221	1,473,695	89,526
Tuition Reimbursement	37,500		37,500	30,848	6,652
Other Employee Benefits	11,000	2,100	13,100	12,382	718
Total Unallocated Benefits - Employee Benefits	2,172,018	(156,669)	2,015,349	1,911,979	103,370

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
On-behalf TPAF Pension System Payments(Non-Budget)				\$ 19,926	\$ (19,926)
NCGI				951,906	(951,906)
Normal Cost				1,300	(1,300)
Long-Term Disability Insurance Contribution				440,822	(440,822)
Post Retirement Medical Contribution					
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	372,804	(372,804)
Total Undistributed Expenditures	\$ 5,354,670	\$ 21,742	\$ 5,376,412	6,939,812	(1,563,400)
Interest Earned on Maintenance Reserve	1,000	-	1,000	-	1,000
Total Expenditures - Current Expenditures	10,396,245	(45,306)	10,350,939	11,934,650	(1,583,711)
CAPITAL OUTLAY					
Equipment					
Grades 6-8		22,327	22,327	22,327	
Undistributed - Instruction		12,478	12,478	12,478	
Undistributed - Custodial Services	14,000	22,338	36,338	13,878	22,460
Total Equipment	14,000	57,143	71,143	48,683	22,460
Facilities Acquisition and Construction Services					
Construction Services	932,000		932,000	600,509	331,491
Lease Purchase Agreements - Principal	22,000		22,000	21,413	587
Assessment for Debt Service on SDA Funding	250	-	250	250	-
Total Facilities Acquisition and Construction Services	954,250	-	954,250	622,172	332,078
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures					
School Administration				18,094	(18,094)
Operations and Maintenance of School Facilities				141,638	(141,638)
Transportation	-	-	-	29,124	(29,124)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	188,856	(188,856)
Interest Deposit to Capital Reserve	1,000	-	1,000	-	1,000
Total Capital Outlay	969,250	57,143	1,026,393	859,711	166,682
Transfer of Funds to Charter Schools	112,964	(11,095)	101,869	41,571	60,298
Total Expenditures	11,478,459	742	11,479,201	12,835,932	(1,356,731)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,082,000)	(128,825)	(1,210,825)	(486,946)	723,879
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non-Budget)				318,177	318,177
Transfer to Cover Deficit - Food Service Fund	-	(3,300)	(3,300)	(3,300)	-
Total Other Financing Sources (Uses)	-	(3,300)	(3,300)	314,877	318,177
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,082,000)	(132,125)	(1,214,125)	(172,069)	1,042,056
Fund Balance, Beginning of Year	2,683,077	-	2,683,077	2,683,077	-
Fund Balance, End of Year	\$ 1,601,077	\$ (132,125)	\$ 1,468,952	\$ 2,511,008	\$ 1,042,056

Continued

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Actual</u>
Recapitulation of Fund Balance	
Restricted Fund Balance	
Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 250,000
Excess Surplus	150,000
Capital Reserve	984,415
Maintenance Reserve	299,027
Committed Fund Balance	
Year End Encumbrances Assigned	302,666
Year End Encumbrances Unassigned	75,531
	449,369
Reconciliation to Governmental Funds Statements (GAAP):	2,511,008
Less: State Aid Payments Not Recognized on GAAP Basis	(385,386)
Fund Balance Per Governmental Funds (GAAP)	\$ 2,125,622

FRANKFORD TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Intergovernmental					
Local	\$ 18,000	\$ 17,081	\$ 35,081	\$ 14,785	\$ (20,296)
Federal	214,000	37,170	251,170	234,574	(16,596)
Total Revenues	<u>232,000</u>	<u>54,251</u>	<u>286,251</u>	<u>249,359</u>	<u>(36,892)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	214,000	(214,000)			
Other Purchased Services		46,850	46,850	46,850	
General Supplies	-	35,499	35,499	34,249	1,250
Total Instruction	<u>214,000</u>	<u>(131,651)</u>	<u>82,349</u>	<u>81,099</u>	<u>1,250</u>
Support Services					
Salaries of Teachers		85,532	85,532	74,579	10,953
Personal Services - Employee Benefits		5,583	5,583	5,440	143
Purchased Professional/Technical Services		59,277	59,277	59,277	
Other Purchased Services		29,364	29,364	22,899	6,465
General Supplies	18,000	6,146	24,146	6,065	18,081
Total Support Services	<u>18,000</u>	<u>185,902</u>	<u>203,902</u>	<u>168,260</u>	<u>35,642</u>
Total Expenditures	<u>232,000</u>	<u>54,251</u>	<u>286,251</u>	<u>249,359</u>	<u>36,892</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedules (Exhibits C1 & C2)	\$ 12,348,986	\$ 249,359
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2019		(19,447)
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (Prior Year)	389,983	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statement (Current Year)	<u>(385,386)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 12,353,583</u>	<u>\$ 229,912</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C1 & C2)	<u>\$ 12,835,932</u>	<u>\$ 249,359</u>
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2019	<u>-</u>	<u>(19,447)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,835,932</u>	<u>\$ 229,912</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND POST-EMPLOYMENT BENEFITS INFORMATION

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Six Fiscal Years *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01323 %	0.01313 %	0.01343 %	0.01305 %	0.01245 %	0.01324 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,605,619</u>	<u>\$ 3,058,077</u>	<u>\$ 3,978,908</u>	<u>\$ 2,930,795</u>	<u>\$ 2,332,252</u>	<u>\$ 2,532,109</u>
District's Covered Payroll	<u>\$ 945,432</u>	<u>\$ 922,575</u>	<u>\$ 911,591</u>	<u>\$ 918,471</u>	<u>\$ 892,515</u>	<u>\$ 862,543</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	276%	331%	436%	319%	261%	294%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	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.

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 131,631	\$ 121,700	\$ 119,350	\$ 112,246	\$ 102,692	\$ 99,827
Contributions in Relation to the Contractually Required Contributions	<u>131,631</u>	<u>121,700</u>	<u>119,350</u>	<u>112,246</u>	<u>102,692</u>	<u>99,827</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 911,218</u>	<u>\$ 945,432</u>	<u>\$ 922,575</u>	<u>\$ 911,591</u>	<u>\$ 918,471</u>	<u>\$ 892,515</u>
Contributions as a Percentage of Covered Payroll	14.45%	12.87%	12.94%	12.31%	11.18%	11.18%

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

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

**TEACHERS PENSION AND ANNUITY FUND
Last Six Fiscal Years ***

	<u>2019</u>	<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 %	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	\$ 31,922,926	\$ 35,587,194	\$ 39,262,628	\$ 32,375,441	\$ 29,418,262	\$ 28,073,544
Total	\$ 31,922,926	\$ 35,587,194	\$ 39,262,628	\$ 32,375,441	\$ 29,418,262	\$ 28,073,544
District's Covered Payroll	\$ 5,168,223	\$ 5,137,801	\$ 5,075,721	\$ 5,240,681	\$ 5,096,953	\$ 5,209,726
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Change of Benefit Terms:

None.

Change of Assumptions:

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 855,531	\$ 1,005,870
Interest on Total OPEB Liability	1,148,675	1,006,519
Differences Between Expected and Actual Experience	(3,424,299)	
Changes of Assumptions	(3,033,294)	(4,170,661)
Gross Benefit Payments	(706,803)	(544,964)
Contribution from the Member	<u>24,428</u>	<u>20,067</u>
Net Change in Total OPEB Liability	(5,135,762)	(2,683,169)
Total OPEB Liability - Beginning	<u>31,568,544</u>	<u>34,251,713</u>
Total OPEB Liability - Ending	<u>\$ 26,432,782</u>	<u>\$ 31,568,544</u>
District's Proportionate Share of OPEB Liability	\$0	\$0
State's Proportionate Share of OPEB Liability	<u>26,432,782</u>	<u>31,568,544</u>
Total OPEB Liability - Ending	<u>\$ 26,432,782</u>	<u>\$ 31,568,544</u>
District's Covered Payroll	<u>\$ 6,113,655</u>	<u>\$ 6,060,376</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
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, 2019**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SPECIAL REVENUE FUND

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Title I</u>	<u>Title II Part A</u>	<u>Title IV</u>	<u>Rural Education Achievement</u>	<u>Local Grants</u>	<u>Total</u>
REVENUES								
Intergovernmental								
Local							\$ 14,785	\$ 14,785
Federal	\$ 142,501	\$ 6,896	\$ 30,964	\$ 8,580	\$ 5,000	\$ 40,633	-	234,574
Total Revenues	<u>\$ 142,501</u>	<u>\$ 6,896</u>	<u>\$ 30,964</u>	<u>\$ 8,580</u>	<u>\$ 5,000</u>	<u>\$ 40,633</u>	<u>\$ 14,785</u>	<u>\$ 249,359</u>
EXPENDITURES								
Instruction								
Other Purchased Services	\$ 46,850							\$ 46,850
General Supplies	-	-	\$ 7,505	-	-	\$ 26,744	-	34,249
Total Instruction	<u>46,850</u>	<u>-</u>	<u>7,505</u>	<u>-</u>	<u>-</u>	<u>26,744</u>	<u>-</u>	<u>81,099</u>
Support Services								
Salaries of Teachers	37,090	\$ 4,184	19,725			10,130	\$ 3,450	74,579
Personal Services - Employee Benefits	2,837	319	1,509			775		5,440
Purchased Professional/Technical Services	52,724	1,553			\$ 5,000			59,277
Other Purchased Services				\$ 8,580		2,984	11,335	22,899
General Supplies	3,000	840	2,225	-	-	-	-	6,065
Total Support Services	<u>95,651</u>	<u>6,896</u>	<u>23,459</u>	<u>8,580</u>	<u>5,000</u>	<u>13,889</u>	<u>14,785</u>	<u>168,260</u>
Total Expenditures	<u>\$ 142,501</u>	<u>\$ 6,896</u>	<u>\$ 30,964</u>	<u>\$ 8,580</u>	<u>\$ 5,000</u>	<u>\$ 40,633</u>	<u>\$ 14,785</u>	<u>\$ 249,359</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

CAPITAL PROJECTS FUND

FRANKFORD TOWNSHIP BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Issue/Project Title</u>	<u>Project Number</u>	<u>Original Amount Authorized</u>	<u>Amended Authorization</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2019</u>
				<u>Prior Year</u>	<u>Current Year</u>	
New Security Vestibules and Partial Roof Replacement	SP#1560-050-16-1000	\$ 1,463,216	\$ 200,000	\$ 1,385,033	\$ 101,507	\$ 176,676
		<u>\$ 1,463,216</u>	<u>\$ 200,000</u>	<u>\$ 1,385,033</u>	<u>\$ 101,507</u>	<u>\$ 176,676</u>
						Project Balances, June 30, 2019 \$ 176,676
						Less: Bonds Authorized but Not Issued <u>(3,216)</u>
						Fund Balance, June 30, 2019 (Budgetary Basis) <u>\$ 173,460</u>
						Fund Balance, June 30, 2019 (GAAP Basis) <u>\$ 173,460</u>
						<u>Recapitulation of Fund Balance - June 30, 2019 (GAAP Basis)</u>
						Year End Encumbrances \$ 985
						Available for Project Balances 175,691
						Bonds Authorized but Not Issued <u>(3,216)</u>
						Total Fund Balance - Restricted for Capital Projects <u>\$ 173,460</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Revenues and Other Financing Sources	
Proceeds from Bonds	\$ 1,460,000
	<u>1,460,000</u>
Expenditures and Other Financing Uses	
Legal Services	35,351
Construction Services	<u>66,156</u>
	<u>101,507</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,358,493
Fund Balance (Deficit)- Beginning of Year	<u>(1,185,033)</u>
Fund Balance - End of Year	<u>\$ 173,460</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
NEW SECURITY VESTIBULES AND PARTIAL ROOF REPLACEMENT-FRANKFORD SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds		\$ 1,460,000	\$ 1,460,000	\$ 1,463,216
Transfer from Capital Reserve	\$ 200,000	-	200,000	200,000
 Total Revenues and Other Financing Sources	 200,000	 1,460,000	 1,660,000	 1,663,216
Expenditures and Other Financing Uses				
Legal Services	4,393	35,351	39,744	69,283
Architect and Engineer Services	146,575		146,575	148,125
Construction Services	1,234,065	66,156	1,300,221	1,445,808
 Total Expenditures and Other Financing Uses	 1,385,033	 101,507	 1,486,540	 1,663,216
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 \$ (1,185,033)	 \$ 1,358,493	 \$ 173,460	 \$ -

Additional project information:

Project Number	SP#1560-050-16-1000
Grant Date	N/A
Bond Authorization Date	9/27/2016
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,463,216
Additional Authorized Cost	200,000
Revised Authorized Cost	1,663,216

Percentage Increase Over Original

Authorized Cost	13.67%
Percentage Completion	89.38%
Original Target Completion Date	June 30, 2017
Revised Target Completion Date	December 31, 2019

ENTERPRISE FUND

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019**

	Non-Major Programs		Total
	Summer Enrichment Fund	Preschool Program Fund	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 19,788		\$ 19,788
Other Accounts Receivable Due from Other Funds	500	\$ 500	500
	<u>500</u>	<u>-</u>	<u>500</u>
Total Current Assets	<u>20,288</u>	<u>500</u>	<u>20,788</u>
Total Assets	<u>20,288</u>	<u>500</u>	<u>20,788</u>
LIABILITIES			
Current Liabilities			
Due to Other Funds	-	500	500
	<u>-</u>	<u>500</u>	<u>500</u>
Total Current Liabilities	<u>-</u>	<u>500</u>	<u>500</u>
Total Liabilities	<u>-</u>	<u>500</u>	<u>500</u>
NET POSITION			
Unrestricted	<u>20,288</u>	<u>-</u>	<u>20,288</u>
Total Net Position	<u>\$ 20,288</u>	<u>\$ -</u>	<u>\$ 20,288</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Non-Major Programs		Total
	Summer Enrichment Fund	Preschool Program Fund	
OPERATING REVENUES			
Charges for Services			
Program Fees	\$ 24,669	\$ 23,500	\$ 48,169
Total Operating Revenues	<u>24,669</u>	<u>23,500</u>	<u>48,169</u>
OPERATING EXPENSES			
Salaries, Wages and Payroll Taxes	14,272	23,740	38,012
Supplies	996	66	1,062
Miscellaneous	5,789	-	5,789
Total Operating Expenses	<u>21,057</u>	<u>23,806</u>	<u>44,863</u>
Operating Income (Loss)	<u>3,612</u>	<u>(306)</u>	<u>3,306</u>
Net Position, Beginning of Year	<u>16,676</u>	<u>306</u>	<u>16,982</u>
Net Position, End of Year	<u>\$ 20,288</u>	<u>\$ -</u>	<u>\$ 20,288</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Non-Major Programs		Total
	Summer Enrichment Fund	Preschool Program Fund	
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 24,669	\$ 23,000	\$ 47,669
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(14,272)	(23,740)	(38,012)
Cash Payments to Suppliers for Goods and Services	(6,785)	(66)	(6,851)
Net Cash Provided by (Used for) Operating Activities	<u>3,612</u>	<u>(806)</u>	<u>2,806</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from (Paid to) Other Funds	(500)	500	-
Net Cash Used for Noncapital Financing Activities	<u>(500)</u>	<u>500</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,112	(306)	2,806
Cash and Cash Equivalents, Beginning of Year	<u>16,676</u>	<u>306</u>	<u>16,982</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,788</u>	<u>\$ -</u>	<u>\$ 19,788</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$ 3,612	\$ (306)	\$ 3,306
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Change in Assets and Liabilities (Increase)/Decrease in Other Receivable	-	(500)	(500)
Total Adjustments	<u>-</u>	<u>(500)</u>	<u>(500)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 3,612</u>	<u>\$ (806)</u>	<u>\$ 2,806</u>

FIDUCIARY FUNDS

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2019**

	<u>Agency</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 41,793	\$ 2,425	\$ 44,218
Total Assets	\$ 41,793	\$ 2,425	\$ 44,218
LIABILITIES			
Due to Other Funds		\$ 2,425	\$ 2,425
Due to Student Groups	\$ 41,793	-	41,793
Total Liabilities	\$ 41,793	\$ 2,425	\$ 44,218

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance, July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2019</u>
Elementary Schools				
General Organization	\$ 40,228	\$ 116,289	\$ 114,724	\$ 41,793
Total All Schools	<u>\$ 40,228</u>	<u>\$ 116,289</u>	<u>\$ 114,724</u>	<u>\$ 41,793</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance, July 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2019</u>
LIABILITIES				
Payroll Deductions and Withholdings		\$ 3,048,186	\$ 3,048,186	
Due to Other Funds		29,183	26,758	\$ 2,425
Accrued Salaries and Wages	-	4,289,381	4,289,381	-
Total	<u>\$ -</u>	<u>\$ 7,366,750</u>	<u>\$ 7,364,325</u>	<u>\$ 2,425</u>

LONG-TERM DEBT

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>					
School Bonds	8/1/2011	\$ 550,000				\$ 85,000		\$ 85,000	
School Bonds	3/15/2019	1,460,000	3/15/2020	\$ 90,000	2.000%				
			3/15/2021	180,000	2.000%				
			3/15/2022	135,000	2.000%				
			3/15/2023	140,000	2.000%				
			3/15/2024-2025	145,000	2.000%				
			3/15/2026	150,000	2.000%				
			3/15/2027	155,000	2.250%				
			3/15/2028	160,000	2.500%				
			3/15/2029	160,000	3.000%				
						-	\$ 1,460,000	-	\$ 1,460,000
						<u>\$ 85,000</u>	<u>\$ 1,460,000</u>	<u>\$ 85,000</u>	<u>\$ 1,460,000</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
Governmental Activities:					
2013 Energy Efficiency Upgrades	\$ 763,495	\$ 489,466		\$ 53,738	\$ 435,728
2017 One (1) 29 Passenger School Bus	78,000	46,824		14,981	31,843
2017 Four (4) Savin MP Copiers	16,481	10,669		5,126	5,543
2017 Lighting Equipment	98,903	77,826		18,342	59,484
2019 Four (4) Savin MP Copiers	18,094		\$ 18,094	3,947	14,147
2019 One (1) Van	29,124		29,124	7,614	21,510
2019 Technology Upgrades	133,496		133,496	28,357	105,139
2019 Fiber Project Upgrade	8,142		8,142	1,730	6,412
2019 Chromebooks	129,303	-	129,321	33,802	95,519
Governmental Activity Capital Leases Payable		<u>624,785</u>	<u>318,177</u>	<u>167,637</u>	<u>775,325</u>
Business-Type Activities:					
2019 Two (2) Food Service Ranges	15,540		\$ 15,540	\$ 3,302	\$ 12,238
2019 Two (2) Food Service Convection Ovens	10,075	-	10,075	2,141	7,934
Business-Type Activity Capital Leases Payable		<u>\$ -</u>	<u>\$ 25,615</u>	<u>\$ 5,443</u>	<u>\$ 20,172</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 78,303		\$ 78,303	\$ 78,303	
Miscellaneous				42	\$ 42
State Sources					
State Aid	<u>7,313</u>	<u>-</u>	<u>7,313</u>	<u>7,313</u>	<u>-</u>
 Total Revenues	 <u>85,616</u>	 <u>-</u>	 <u>85,616</u>	 <u>85,658</u>	 <u>42</u>
 EXPENDITURES					
Regular Debt Service					
Principal	85,000		85,000	85,000	
Interest	<u>616</u>	<u>-</u>	<u>616</u>	<u>616</u>	\$ <u>-</u>
 Total Expenditures	 <u>85,616</u>	 <u>-</u>	 <u>85,616</u>	 <u>85,616</u>	 <u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>42</u>	 <u>42</u>
 Fund Balance, Beginning of Year	 <u>21,511</u>	\$ <u>-</u>	 <u>21,511</u>	 <u>21,511</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ 21,511</u>	\$ <u>-</u>	 <u>\$ 21,511</u>	 <u>\$ 21,553</u>	\$ <u>42</u>
 <u>Recapitulation of Fund Balance:</u>					
Restricted for Debt Service:					
Designated for Subsequent Year's Expenditures				\$ 21,511	
Available for Future Debt Service Expenditures				<u>42</u>	
				<u>\$ 21,553</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					(Restated)					
Governmental Activities										
Net Investment in Capital Assets	\$ 2,237,982	\$ 2,091,278	\$ 1,297,422	\$ 1,626,984	\$ 1,761,254	\$ 1,810,762	\$ 2,244,763	\$ 3,167,318	\$ 3,655,266	\$ 2,784,764
Restricted	167,192	250,252	352,002	486,258	627,392	865,648	954,980	657,179	406,802	1,478,455
Unrestricted	(582,916)	(548,551)	564,824	206,684	(2,340,633)	(2,308,280)	(2,431,600)	(2,649,351)	(2,824,204)	(2,839,669)
Total Governmental Activities Net Position	<u>\$ 1,822,258</u>	<u>\$ 1,792,979</u>	<u>\$ 2,214,248</u>	<u>\$ 2,319,926</u>	<u>\$ 48,013</u>	<u>\$ 368,130</u>	<u>\$ 768,143</u>	<u>\$ 1,175,146</u>	<u>\$ 1,237,864</u>	<u>\$ 1,423,550</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 19,927	\$ 6,716							\$ 9,067	\$ 1,873
Restricted	22,930	21,512	\$ 23,119	\$ 26,505	\$ 25,189	\$ 19,705	\$ 27,838	\$ 33,286	25,336	32,013
Unrestricted										
Total Business-Type Activities Net Position	<u>\$ 42,857</u>	<u>\$ 28,228</u>	<u>\$ 23,119</u>	<u>\$ 26,505</u>	<u>\$ 25,189</u>	<u>\$ 19,705</u>	<u>\$ 27,838</u>	<u>\$ 33,286</u>	<u>\$ 34,403</u>	<u>\$ 33,886</u>
District-Wide										
Net Investment in Capital Assets	\$ 2,257,909	\$ 2,097,994	\$ 1,297,422	\$ 1,626,984	\$ 1,761,254	\$ 1,810,762	\$ 2,244,763	\$ 3,167,318	\$ 3,664,333	\$ 2,786,637
Restricted	167,192	250,252	352,002	486,258	627,392	865,648	954,980	657,179	406,802	1,478,455
Unrestricted	(559,986)	(527,039)	587,943	233,189	(2,315,444)	(2,288,575)	(2,403,762)	(2,616,065)	(2,798,868)	(2,807,656)
Total District Net Position	<u>\$ 1,865,115</u>	<u>\$ 1,821,207</u>	<u>\$ 2,237,367</u>	<u>\$ 2,346,431</u>	<u>\$ 73,202</u>	<u>\$ 387,835</u>	<u>\$ 795,981</u>	<u>\$ 1,208,432</u>	<u>\$ 1,272,267</u>	<u>\$ 1,457,436</u>

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 5,098,000	\$ 4,831,186	\$ 5,026,078	\$ 5,102,326	\$ 4,959,412	\$ 6,230,212	\$ 6,293,203	\$ 6,885,550	\$ 7,171,133	\$ 6,325,045
Special education	1,503,005	1,762,599	1,927,132	2,002,307	1,779,876	2,188,639	1,993,996	2,073,288	2,357,013	2,024,498
Other instruction	343,058	419,500	297,106	413,561	553,783	422,503	603,523	648,682	705,760	637,549
School Sponsored Activities and Athletics	108,551	92,265	72,894	104,678	87,743	112,344	137,138	153,983	147,898	129,172
Support Services:										
Student & instruction related services	1,153,031	1,168,097	1,231,467	1,223,638	1,254,935	1,212,357	1,212,985	1,337,019	1,423,622	1,300,380
General administration services	336,713	325,811	329,924	337,213	372,785	400,845	495,033	504,345	460,810	464,971
School Administrative services	345,639	315,649	339,809	366,645	330,275	378,911	406,830	440,736	467,143	444,531
Business / Central Services	336,639	321,433	351,288	362,338	391,822	434,261	468,485	524,341	578,898	548,827
Plant operations and maintenance	1,012,108	1,092,718	1,056,117	990,943	1,135,930	1,080,322	1,275,287	1,149,311	1,255,414	1,227,677
Pupil transportation	796,690	817,235	604,957	580,363	552,538	515,751	545,735	525,744	655,073	622,987
Interest On Long-Term Debt	13,096	15,369	26,970	44,911	38,682	30,999	26,292	25,324	28,145	25,139
Total Governmental Activities Expenses	<u>11,046,530</u>	<u>11,161,862</u>	<u>11,263,742</u>	<u>11,528,923</u>	<u>11,457,781</u>	<u>13,007,144</u>	<u>13,458,507</u>	<u>14,268,323</u>	<u>15,250,909</u>	<u>13,750,776</u>
Business-Type Activities:										
Food Service	168,705	167,320	163,299	145,552	149,642	155,152	158,703	162,274	169,984	171,325
Summer Enrichment	18,751	17,214	14,313	15,304	15,531	13,098	12,690	23,307	27,759	21,057
Preschool Program	7,476	17,917	25,100	25,901	35,795	28,144	30,407	24,825	14,669	23,806
Total Business-Type Activities Expense	<u>194,932</u>	<u>202,451</u>	<u>202,712</u>	<u>186,757</u>	<u>200,968</u>	<u>196,394</u>	<u>201,800</u>	<u>210,406</u>	<u>212,412</u>	<u>216,188</u>
Total District Expenses	<u>\$ 11,241,462</u>	<u>\$ 11,364,313</u>	<u>\$ 11,466,454</u>	<u>\$ 11,715,680</u>	<u>\$ 11,658,749</u>	<u>\$ 13,203,538</u>	<u>\$ 13,660,307</u>	<u>\$ 14,478,729</u>	<u>\$ 15,463,321</u>	<u>\$ 13,966,964</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction - Regular	\$ 48,558	\$ 6,269	\$ 50,259							
Instruction -Special education	945									
Pupil transportation	2,455									
Operating Grants And Contributions	1,694,691	1,601,434	1,788,281	\$ 2,020,174	1,893,405	3,338,360	3,740,474	4,762,663	5,428,935	4,191,834
Capital Grants And Contributions	383,941	13,190	62,932	-	27,238	6,603	160,261	6,270	-	-
Total Governmental Activities Program Revenues	<u>2,130,590</u>	<u>1,620,893</u>	<u>1,901,472</u>	<u>2,020,174</u>	<u>1,920,643</u>	<u>3,344,963</u>	<u>3,900,735</u>	<u>4,768,933</u>	<u>5,428,935</u>	<u>4,191,834</u>
Business-Type Activities:										
Charges For Services										
Food service	\$ 128,904	\$ 120,811	114,632	\$ 99,522	\$ 101,423	\$ 94,096	\$ 109,905	\$ 114,888	\$ 118,870	\$ 115,832
Summer Enrichment	15,349	13,672	15,322	15,390	10,638	11,294	15,585	31,244	23,219	24,669
Preschool Program	8,800	9,600	25,100	26,750	22,715	22,907	33,950	16,405	14,813	23,500
Operating Grants And Contributions	42,335	40,699	40,244	39,393	52,303	52,549	50,414	53,191	56,328	47,590
Capital Grants And Contributions										
Total Business Type Activities Program Revenues	<u>195,388</u>	<u>184,782</u>	<u>195,298</u>	<u>181,055</u>	<u>187,079</u>	<u>180,846</u>	<u>209,854</u>	<u>215,728</u>	<u>213,230</u>	<u>211,591</u>
Total District Program Revenues	<u>\$ 2,325,978</u>	<u>\$ 1,805,675</u>	<u>\$ 2,096,770</u>	<u>\$ 2,201,229</u>	<u>\$ 2,107,722</u>	<u>\$ 3,525,809</u>	<u>\$ 4,110,589</u>	<u>\$ 4,984,661</u>	<u>\$ 5,642,165</u>	<u>\$ 4,403,425</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (8,915,940)	\$ (9,540,969)	\$ (9,362,270)	\$ (9,508,749)	\$ (9,537,138)	\$ (9,662,181)	\$ (9,557,772)	\$ (9,499,390)	\$ (9,821,974)	\$ (9,558,942)
Business-Type Activities	456	(17,669)	(7,414)	(5,702)	(13,889)	(15,548)	8,054	5,322	818	(4,597)
Total District-Wide Net Expense	<u>\$ (8,915,484)</u>	<u>\$ (9,558,638)</u>	<u>\$ (9,369,684)</u>	<u>\$ (9,514,451)</u>	<u>\$ (9,551,027)</u>	<u>\$ (9,677,729)</u>	<u>\$ (9,549,718)</u>	<u>\$ (9,494,068)</u>	<u>\$ (9,821,156)</u>	<u>\$ (9,563,539)</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 7,706,177	\$ 7,993,671	\$ 8,018,172	\$ 8,178,510	\$ 8,339,428	\$ 8,501,764	\$ 8,496,908	\$ 8,427,693	\$ 8,388,639	\$ 8,373,947
Taxes Levied For Debt Service	88,663	89,463	95,000	77,468	69,327	85,292	58,218	82,973	103,323	78,303
State Aid - Levied For Debt Service										7,313
Federal And State Aid - Unrestricted	1,686,223	1,428,528	1,673,117	1,341,900	1,343,148	1,355,507	1,356,499	1,352,235	1,324,872	1,188,837
Investment Earnings	9,725	7,054	6,832	3,544	4,054	5,842	6,127	15,600	39,057	59,282
Miscellaneous Income	1,279	1,974	4,418	32,005	53,877	43,893	35,734	27,892	28,801	40,246
Donated Capital Assets							4,299	-		
Transfers	(4,000)	(9,000)	(14,000)	(19,000)	(12,500)	(10,000)	-	-	-	(3,300)
Total Governmental Activities	9,488,067	9,511,690	9,783,539	9,614,427	9,797,334	9,982,298	9,957,785	9,906,393	9,884,692	9,744,628
Business-Type Activities:										
Investment Earnings	817	249	305	88	73	64	79	126	299	780
Transfers	4,000	9,000	2,000	9,000	12,500	10,000	-	-	-	3,300
Total Business-Type Activities	4,817	9,249	2,305	9,088	12,573	10,064	79	126	299	4,080
Total District-Wide	\$ 9,492,884	\$ 9,520,939	\$ 9,785,844	\$ 9,623,515	\$ 9,809,907	\$ 9,992,362	\$ 9,957,864	\$ 9,906,519	\$ 9,884,991	\$ 9,748,708
Change In Net Position										
Governmental Activities	\$ 572,127	\$ (29,279)	\$ 421,269	\$ 105,678	\$ 260,196	\$ 320,117	\$ 400,013	\$ 407,003	\$ 62,718	\$ 185,686
Business-Type Activities	5,273	(8,420)	(5,109)	3,386	(1,316)	(5,484)	8,133	5,448	1,117	(517)
Total District	\$ 577,400	\$ (37,699)	\$ 416,160	\$ 109,064	\$ 258,880	\$ 314,633	\$ 408,146	\$ 412,451	\$ 63,835	\$ 185,169

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 589,987									
Unreserved	14,709									
Nonspendable		\$ 11,666								
Restricted		568,205	683,784	\$ 918,039	\$ 938,045	\$ 1,020,617	\$ 1,464,506	\$ 2,019,680	\$ 2,186,058	\$ 1,683,442
Committed		48,457	418,087	52,878					26,400	302,666
Assigned			123,467		26,735	28,577	45,299	78,915	15,882	75,531
Unassigned		60,977	39,504	68,673	60,771	59,140	59,022	56,246	64,754	63,983
Total General Fund	<u>\$ 604,696</u>	<u>\$ 689,305</u>	<u>\$ 1,264,842</u>	<u>\$ 1,039,590</u>	<u>\$ 1,025,551</u>	<u>\$ 1,108,334</u>	<u>\$ 1,568,827</u>	<u>\$ 2,154,841</u>	<u>\$ 2,293,094</u>	<u>\$ 2,125,622</u>
All Other Governmental Funds										
Reserved	\$ 40,441									
Restricted			\$ 38,218	\$ 38,219	\$ 239,347	\$ 395,031	\$ 40,474	\$ (812,501)	\$ (1,163,522)	\$ 195,013
Unreserved	(615,816)									
Unassigned		\$ (595,161)	-							
Total All Other Governmental Funds	<u>\$ (575,375)</u>	<u>\$ (595,161)</u>	<u>\$ 38,218</u>	<u>\$ 38,219</u>	<u>\$ 239,347</u>	<u>\$ 395,031</u>	<u>\$ 40,474</u>	<u>\$ (812,501)</u>	<u>\$ (1,163,522)</u>	<u>\$ 195,013</u>

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 7,794,840	\$ 8,083,134	\$ 8,113,172	\$ 8,255,978	\$ 8,408,755	\$ 8,587,056	\$ 8,555,126	\$ 8,510,666	\$ 8,491,962	\$ 8,452,250
Tuition Charges	49,503	6,269	50,259							
Transportation	2,455									
Interest Earnings	9,725	7,054	6,832	3,544	4,054	5,842	6,127	15,600	39,057	59,282
Miscellaneous	3,285	8,687	4,418	32,005	54,060	44,519	82,145	48,532	43,414	55,031
State Sources	3,391,376	2,824,706	3,185,874	3,136,952	3,058,281	3,122,242	3,396,963	3,491,172	3,690,687	3,887,463
Federal Sources	371,473	211,733	338,456	225,122	205,327	271,556	236,349	253,004	253,750	215,127
Total Revenue	11,622,657	11,141,583	11,699,011	11,653,601	11,730,477	12,031,215	12,276,710	12,318,974	12,518,870	12,669,153
Expenditures										
Instruction										
Regular Instruction	5,104,712	4,786,087	4,999,883	5,090,542	4,916,839	5,351,788	5,231,943	5,322,283	5,458,808	5,517,506
Special Education Instruction	1,491,701	1,757,078	1,938,548	1,997,813	1,768,156	1,887,122	1,719,057	1,647,141	1,840,261	1,819,283
Other Instruction	335,963	418,100	295,822	410,291	544,544	423,315	500,790	492,225	530,559	550,420
School Sponsored Activities And Athletics	104,501	82,843	72,894	104,678	87,743	96,741	117,530	124,546	115,394	114,463
Support Services:										
Student & Inst. Related Services	1,158,528	1,142,993	1,214,671	1,201,380	1,236,368	1,203,755	1,161,565	1,213,271	1,243,275	1,233,167
General Administration	338,503	324,962	329,924	337,213	372,785	348,956	366,512	404,275	371,049	421,218
School Administration Services	338,622	309,469	325,497	340,449	310,006	320,749	336,748	338,332	356,199	373,784
Business / Central Services	338,442	320,426	350,761	360,293	386,034	404,093	420,636	436,648	471,482	504,917
Plant Operations And Maintenance	867,092	941,013	895,719	793,102	954,403	906,236	1,055,556	899,026	900,018	905,151
Pupil Transportation	744,168	768,310	565,241	538,903	508,196	504,881	530,109	490,362	606,189	596,739
Capital Outlay	1,192,543	152,333	757,835	579,473	234,268	189,116	530,258	1,223,004	650,391	939,555
Debt Service:										
Principal	88,201	121,375	44,452	174,075	168,600	149,299	172,022	163,612	173,110	252,637
Interest And Other Charges	9,810	11,367	10,098	51,437	42,946	31,697	28,048	24,594	23,785	24,127
Total Expenditures	12,112,786	11,136,356	11,801,345	11,979,649	11,530,888	11,817,748	12,170,774	12,779,319	12,740,520	13,252,967
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(490,129)	5,227	(102,334)	(326,048)	199,589	213,467	105,936	(460,345)	(221,650)	(583,814)
Other Financing Sources (Uses)										
Proceeds From Borrowing			1,313,495							1,460,000
Premium from Notes									8,882	
Capital Leases (Non-Budgeted)	48,537	77,763	11,755	119,597		35,000		193,384		318,177
Transfers In			78,923		280,524	165,589		40,474	208,882	
Transfers Out	(8,050)	(18,167)	(92,923)	(19,000)	(293,024)	(175,589)	-	(40,474)	(208,882)	(3,300)
Total Other Financing Sources (Uses)	40,487	59,596	1,311,250	100,597	(12,500)	25,000	-	193,384	8,882	1,774,877
Net Change In Fund Balances	\$ (449,642)	\$ 64,823	\$ 1,208,916	\$ (225,451)	\$ 187,089	\$ 238,467	\$ 105,936	\$ (266,961)	\$ (212,768)	\$ 1,191,063
Debt Service As A Percentage Of										
Noncapital Expenditures	0.90%	1.21%	0.49%	1.98%	1.87%	1.56%	1.72%	1.63%	1.63%	2.25%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended <u>June 30,</u>	<u>Interest Earned</u>	<u>Misc.</u>	<u>Total</u>
2010	\$ 9,725	\$ 1,279	\$ 11,004
2011	7,054	1,974	9,028
2012	6,832	4,418	11,250
2013	3,544	32,005	35,549
2014	4,054	53,877	57,931
2015	5,842	43,893	49,735
2016	6,127	35,734	41,861
2017	15,600	27,892	43,492
2018	39,057	28,801	67,858
2019	59,282	40,204	99,486

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2010	\$ 36,262,400	\$ 733,931,900	\$ 97,248,900	\$ 3,342,100	\$ 70,748,400	\$ 6,548,400	\$ 1,075,900	\$ 949,158,000	\$ 2,440,197	\$ 951,598,197	\$ 929,177,524	\$ 0.71
2011	34,353,400	734,220,600	98,825,200	3,292,400	69,990,600	6,548,400	1,075,900	948,306,500	2,337,823	950,644,323	886,165,997	0.74
2012	32,016,200	734,356,000	98,293,600	3,105,000	63,247,500	6,414,300	1,075,900	938,508,500	2,230,757	940,739,257	862,469,699	0.74
2013 (A)	18,976,800	559,837,200	72,998,200	3,249,500	60,275,700	5,529,600	880,200	721,747,200	2,033,198	723,780,398	792,810,574	0.98
2014	17,333,200	565,528,300	69,949,600	3,999,800	59,828,300	5,529,600	880,200	723,049,000	1,811,215	724,860,215	845,128,593	1.000
2015	17,180,700	570,042,100	71,069,100	3,065,400	59,064,500	5,529,600	841,700	726,793,100	1,183,338	727,976,438	825,685,795	1.008
2016	16,952,900	577,131,100	66,649,100	3,008,700	59,222,500	5,529,600	841,700	729,335,600	2,049,219	731,384,819	824,978,449	1.024
2017	16,848,200	578,350,100	67,073,900	3,003,600	59,117,800	5,529,600	859,800	730,783,000	-	730,783,000	807,870,623	1.013
2018	16,805,100	580,099,600	66,492,300	3,098,200	58,405,700	5,529,600	859,800	731,290,300	-	731,290,300	796,082,118	0.984
2019	16,548,600	581,811,500	66,688,700	3,085,300	59,727,200	5,529,600	859,800	734,250,700	-	734,250,700	817,998,506	1.001

Source: County Abstract of Ratables

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

a Tax rates are per \$100

N/A : Not Available

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
		Regional School District	Municipality	County	
2010	\$ 0.71	\$ 0.48	\$ 0.22	\$ 0.39	\$ 1.80
2011	0.74	0.50	0.21	0.41	1.86
2012	0.74	0.53	0.22	0.42	1.92
2013 (A)	0.98	0.71	0.35	0.49	2.54
2014	1.00	0.70	0.37	0.55	2.62
2015 (B)	1.008	0.649	0.35	0.556	2.563
2016 (B)	1.024	0.598	0.366	0.588	2.576
2017 (B)	1.013	0.559	0.340	0.632	2.544
2018 (B)	0.984	0.566	0.369	0.634	2.553
2019 (B)	1.001	0.545	0.384	0.647	2.577

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

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

Source: County Abstract of Ratables

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

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
129 Morris Turnpike Realty, LLC	\$ 6,500,000	0.89%		
Sussex County Farm & Horse Show	2,793,000	0.38%	\$ 3,969,400	0.42%
Visions Federal Credit Union	2,419,600	0.33%		
Branchville Manor	2,362,900	0.32%	3,932,800	0.41%
Corn Patch Realty, LLC	2,100,000	0.29%		
Individual	1,987,500	0.27%	2,779,500	0.29%
Skylands Stadium, LLC	1,600,000	0.22%		
Individual	1,579,300	0.22%		
One to One LLC	1,352,400	0.18%		
Kymers Campground, Inc	1,346,900	0.18%		
Skylands Park Management, Inc			6,735,200	0.71%
Toll NJ IV, LP			3,612,100	0.38%
Individual			2,955,600	0.31%
United Telephone			2,831,197	0.30%
Tri-Co Federal Credit Union			2,721,200	0.29%
Hutan Corp			2,394,800	0.25%
Clemrose Properties, Inc			2,115,200	0.22%
	<u>\$ 24,041,600</u>	<u>3.27%</u>	<u>\$ 34,046,997</u>	<u>3.58%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 7,794,840	\$ 7,794,840	100.00%	
2011	8,083,134	8,012,143	99.12%	\$ 70,991
2012	8,113,172	8,113,172	100.00%	
2013	8,255,978	8,255,978	100.00%	
2014	8,408,755	8,408,755	100.00%	
2015	8,587,056	8,587,056	100.00%	
2016	8,555,126	8,555,126	100.00%	
2017	8,510,666	8,510,624	99.99%	42
2018	8,491,962	8,378,212	98.66%	113,750
2019	8,452,250	8,452,250	100.00%	

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

<u>Governmental Activities</u>						
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANS)</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
2010	\$ 85,000	\$ 40,336		\$ 125,336	5,539	\$ 23
2011		81,724		81,724	5,516	15
2012	550,000	812,522		1,362,522	5,484	248
2013	480,000	828,044		1,308,044	5,455	240
2014	405,000	734,444		1,139,444	5,435	210
2015	325,000	700,145		1,025,145	5,383	190
2016	245,000	608,123		853,123	5,351	159
2017	165,000	717,895	\$ 1,463,216	2,346,111	5,335	440
2018	85,000	624,785	1,463,216	2,173,001	5,311	409
2019	1,460,000	775,325		2,235,325	5,311	* 421

* Estimate

Source: District records

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

Fiscal Year Ended June 30,	General Obligation Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding		
2010	\$ 85,000		\$ 85,000	0.01%	\$ 15
2011			-	0.00%	-
2012	550,000		550,000	0.06%	100
2013	480,000		480,000	0.07%	88
2014	405,000		405,000	0.06%	75
2015	325,000	\$ 25,915	299,085	0.04%	56
2016	245,000		245,000	0.03%	46
2017	165,000	1	164,999	0.02%	31
2018	85,000	21,511	63,489	0.01%	12
2019	1,460,000	21,553	1,438,447	0.20%	271

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Frankford Township Board of Education	\$ 1,258,111	\$ 1,258,111	
Township of Frankford	<u>474,576</u>	<u>-</u>	<u>\$ 474,576</u>
	<u>\$ 1,732,687</u>	<u>\$ 1,258,111</u>	<u>474,576</u>
Overlapping Debt Apportioned to the Municipality:			
Sussex County:			
County of Sussex (A)			<u>5,279,935</u>
			<u>5,279,935</u>
 Total Direct and Overlapping Debt			 <u>\$ 5,754,511</u>

Source:

(1) Township of Frankford's 2018 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township of Frankford by dividing the municipality's 2018 equalized value by the total 2018 equalized value for Sussex County.

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

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis
	2018 \$ 812,093,615
	2017 792,864,273
	2016 803,587,043
	<u>\$ 2,408,544,931</u>
Average equalized valuation of taxable property	<u>\$ 802,848,310</u>
Debt limit (3 % of average equalization value)	24,085,449
Total Net Debt Applicable to Limit	<u>1,463,216</u>
Legal debt margin	<u>\$ 22,622,233</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 27,971,456	\$ 27,744,038	\$ 26,728,973	\$ 25,958,172	\$ 25,536,625	\$ 25,040,933	\$ 24,730,427	\$ 24,374,864	\$ 24,138,075	\$ 24,085,449
Total net debt applicable to limit	777,723	777,723	698,800	628,800	405,000	325,000	245,000	1,628,216	1,548,216	1,463,216
Legal debt margin	\$ 27,193,733	\$ 26,966,315	\$ 26,030,173	\$ 25,329,372	\$ 25,131,625	\$ 24,715,933	\$ 24,485,427	\$ 22,746,648	\$ 22,589,859	\$ 22,622,233
Total net debt applicable to the limit as a percentage of debt limit	2.78%	2.80%	2.61%	2.42%	1.59%	1.30%	0.99%	6.68%	6.41%	6.08%

Source: Annual Debt Statements

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

Year	Population	County Per Capita Personal Income	Unemployment Rate
2010	5,539	\$ 47,423	8.3%
2011	5,516	49,072	8.1%
2012	5,484	50,809	8.0%
2013	5,455	51,392	6.5%
2014	5,435	53,709	7.0%
2015	5,383	55,528	5.9%
2016	5,351	56,711	5.0%
2017	5,335	59,193	4.8%
2018	5,311	N/A	4.6%
2019	5,311	* N/A	N/A

Source: New Jersey State Department of Education

* Estimate

N/A - not available

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

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	45.4	46.1	46.1	44.1	46.5	46.4	47.3	45.0	46.1	45.1
Special education	26.2	27.2	27.2	26.8	26.9	26.9	21.8	22.0	20.8	20.3
Other instruction	2.8	1.3	1.3	1.0	1.0	1.0	4.0	4.3	5.0	5.0
Support Services:										
Student & instruction related services	8.8	8.4	8.4	8.4	8.4	8.6	9.4	9.7	8.8	8.8
General administration services	1.9	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.9	1.9
School administrative services	4.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Business / Central services	3.5	3.5	3.5	3.5	4.0	4.0	4.0	4.0	4.0	4.0
Plant operations and maintenance	7.0	6.0	6.0	6.0	6.0	6.0	6.4	6.4	7.7	7.6
Pupil transportation	2.9	2.8	2.9	2.3	2.7	2.7	2.8	2.3	2.2	2.7
Total	<u>102.8</u>	<u>100.5</u>	<u>100.6</u>	<u>97.3</u>	<u>100.6</u>	<u>100.7</u>	<u>100.8</u>	<u>98.8</u>	<u>99.7</u>	<u>98.6</u>

Source: District Personnel Records

Note:

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

FRANKFORD TOWNSHIP BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2010	630.0	\$ 10,822,232	\$ 17,178	8.12%	71	1:10	1:10	630.6	601.7	-0.16%	95.42%
2011	599.0	10,851,281	18,116	5.46%	73	1:08	1:08	593.6	565.4	-5.87%	95.25%
2012	582.0	10,988,960	18,881	4.23%	70	1:08	1:08	580.7	556.0	-2.17%	95.75%
2013	557.0	11,174,464	20,062	6.25%	69	1:08	1:08	547.4	524.7	-5.73%	95.85%
2014	556.0	11,085,074	19,937	-0.62%	70	1:08	1:08	553.1	531.7	1.03%	96.13%
2015	543.0	11,447,636	21,082	5.74%	69	1:08	1:08	540.2	517.9	-2.33%	95.87%
2016	526.0	11,440,446	21,750	3.17%	70	1:08	1:08	524.5	502.1	-2.91%	95.73%
2017	516.0	11,368,109	22,031	1.29%	71	1:08	1:08	529.5	506.1	0.95%	95.58%
2018	517.0	11,893,234	23,004	4.42%	71	1:08	1:08	514.6	493.0	-2.81%	95.80%
2019	498.0	12,036,648	24,170	5.07%	71	1:08	1:08	503.7	482.6	-2.12%	95.81%

Sources: District records

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
<u>Early Learning Center</u>										
Branchville School (1920)										
Square Feet	7,881	7,881	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	61	61	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	82	68	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Elementary/Middle School</u>										
Frankford Twp. School (1950)										
Square Feet	90,459	90,459	90,459	90,459	90,459	90,459	90,459	90,459	90,459	90,459
Capacity (students)	636	636	636	636	636	636	636	636	636	636
Enrollment	548	531	582	557	556	543	526	516	517	498
<u>Early Learning Center</u>										
Modular Trailer (2014)										
Square Feet			1,357	1,357	1,357	1,357	1,357	1,357	1,357	1,357
Capacity (students)			44	44	44	44	44	44	44	44
Enrollment			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Other</u>										
Administration Building										
Square Feet	800	800	800	800	800	800	800	800	800	800
CST Trailor										
Square Feet	1,000	1,000	1,000	1,000	1,000	756	756	756	756	756
Number of Buildings at June 30, 2019										
Early Learning Center =	1									
Elementary/Middle =	1									
Other =	2									

Source: District Records

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

School Facilities	Project # (s)	<u>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>	<u>2019</u>
Frankford Township School	1560-050-03-0317	\$ 32,047	\$ 32,330	\$ 54,303	\$ 41,208	\$ 40,696	\$ 36,069	\$ 39,462	\$ 123,603	\$ 130,876	\$ 89,771
Branchville Annex	NA	<u>13,031</u>	<u>9,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School Facilities		<u>\$ 45,078</u>	<u>\$ 41,483</u>	<u>\$ 54,303</u>	<u>\$ 41,208</u>	<u>\$ 40,696</u>	<u>\$ 36,069</u>	<u>\$ 39,462</u>	<u>\$ 123,603</u>	<u>\$ 130,876</u>	<u>\$ 89,771</u>

Source: District Records

FRANKFORD TOWNSHIP BOARD OF EDUCATION

INSURANCE SCHEDULE

JUNE 30, 2019

(Unaudited)

School Alliance Insurance Fund is a Joint Insurance Fund pursuant to N.J.S.A. 18A-18B-1 et. Seq.

Policy numbers are not available for Joint Insurance Fund documents as they are written in blanket form.

	Coverage	Deductible
School Package Policy – School Alliance Insurance Fund	\$ 500,000,000	
Building & Personal Property		\$ 2,500
Inland Marine -- Auto Physical Damage		1,000
General Liability including Auto, Employee Benefits		
Each Occurrence	5,000,000	
General Aggregate (Fund)	100,000,000	
Product/Completed Ops		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses		
(excluding students taking part in athletics)	10,000	
Automobile Coverage		
Combined Single Limit		
Hired/Non-owned		
Environmental Impairment Liability	1,000,000/25,000,000 Fund Agg.	10,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler & Machinery	100,000,000	2,500
Excess Liability (AL/GL/SLPL)	15,000,000	
School Leaders Professional Liability	5,000,000	5,000
Cyber Liability (Per Occurrence/Aggregate)	2,000,000	10,000
Workers' Compensation	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	Statutory	
Bond for School Administrator	25,000 Selective Insurance	
Bond for Treasurer of School Monies	190,000 Selective Insurance	
Student Accident	All students 1,000,000 limit 5yr benefit	

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
Frankford Township Board of Education
Branchville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Frankford Township Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Frankford Township Board of Education's basic financial statements and have issued our report thereon dated December 2, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

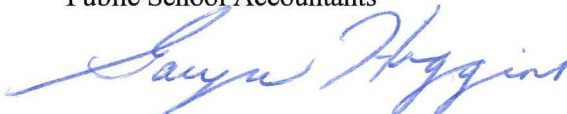
As part of obtaining reasonable assurance about whether the Frankford Township Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Purpose of this Report

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



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 2, 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 STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Frankford Township Board of Education
Branchville, New Jersey

Report on Compliance for Each Major State Program

We have audited the Frankford Township Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Frankford Township Board of Education's major state programs for the fiscal year ended June 30, 2019. The Frankford Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Frankford Township Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

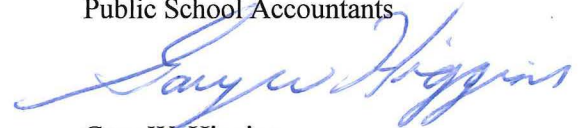
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the Frankford Township Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated December 2, 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 state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 2, 2019

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018				Def Rev Carryover Amount	A/R Carryover Amount	Balance at June 30, 2019				Memo GAAP Receivable
						(Account Receivable)	Unearned Revenue	Due to Grantor				Cash Received	Budgetary Expenditures	(Account Receivable)	Unearned Revenue	
U.S. Department of Agriculture																
Passed-through State Department of Education																
Enterprise Fund																
National School Lunch Program																
Non Cash Assistance (Food Distr.)	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	\$ 12,629		\$ 2,976					\$ 2,976				
Non Cash Assistance (Food Distr.)	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	12,302							\$ 12,302	8,702		\$ 3,600	
Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	40,778	\$ (3,005)						3,005				
Cash Assistance	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	34,023							32,187	34,023	\$ (1,836)		\$ (1,836)
Total Child Nutrition Cluster													45,701			
Total U.S. Department of Agriculture - Enterprise Fund						(3,005)	2,976	-	-	-	-	47,494	45,701	(1,836)	3,600	(1,836)
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue																
IDEA Part B Basic	84.027	H027A180100	FT-1560-03C	7/1/18-6/30/19	142,501							82,920	142,501	(59,581)		(59,581)
IDEA Part B Preschool	84.173	H173A170114	PS-1560-03C	7/1/17-6/30/18	6,790	(244)						244				
IDEA Part B Preschool	84.173	H173A180114	PS-1560-03C	7/1/18-6/30/19	6,896							4,001	6,896	(2,895)		(2,895)
Total Special Education Cluster (IDEA)													149,397			
Rural & Low-Income Education	84.358A	S358A173589	N/A	7/1/17-9/30/18	35,748	(9,583)	8,004					9,583	8,004			
Rural & Low-Income Education	84.358A	S358A183589	N/A	7/1/18-9/30/19	35,233							18,149	32,629	(17,084)	2,604	(14,480)
Total Rural & Low Income Education Cluster													40,633			
Title I	84.010	S010A170030	ESEA-1560-03	7/1/17-6/30/18	35,695	(14,819)						14,819				
Title I	84.010	S010A180030	ESEA-1560-03	7/1/18-6/30/19	39,183				3,587	(3,587)		10,012	30,964	(32,758)	11,806	(20,952)
Title IIA	84.367A	S367A170029	ESEA-1560-03	7/1/17-6/30/18	13,489	(2,314)						2,314				
Title IIA	84.367A	S367A180029	ESEA-1560-03	7/1/18-6/30/19	14,353							5,285	8,580	(9,068)	5,773	(3,295)
Title IV	84.424	S424A180031	ESEA-1560-03	7/1/18-6/30/19	5,000								5,000	(5,000)		(5,000)
Title IV	84.424	S424A170031	ESEA-1560-03	7/1/17-6/30/18	6,160	(3,587)	3,587	\$ -	(3,587)	3,587					\$ -	
Total U.S. Department of Education - Special Revenue Fund						(30,547)	11,591	-	-	-		147,327	234,574	(126,386)	20,183	(106,203)
Total Federal Financial Awards						\$ (33,552)	\$ 14,567	\$ -	\$ -	\$ -	\$ 194,821	\$ 280,275	\$ (128,222)	\$ 23,783	\$ -	\$ (108,039)

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

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

FRANKFORD TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2018		Balance at June 30, 2019					Memo	
				(Accounts Receivable)	Unearned Revenue	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures
State Department of Education												
General Fund												
Special Educational Categorical Aid	18-495-034-5120-089	\$ 308,643	7/1/17-6/30/18	\$ (30,860)		\$ 30,860						
Special Educational Categorical Aid	19-495-034-5120-089	412,297	7/1/18-6/30/19			371,073	\$ 412,297	\$ (41,224)				\$ 412,297
Adjustment Aid	18-495-034-5120-085	1,309,091	7/1/17-6/30/18	(130,892)		130,892						
Adjustment Aid	19-495-034-5120-085	1,170,485	7/1/18-6/30/19			1,053,452	1,170,485	(117,033)				1,170,485
Security Aid	18-495-034-5120-084	42,394	7/1/17-6/30/18	(4,239)		4,239						
Security Aid	19-495-034-5120-084	48,682	7/1/18-6/30/19			43,814	48,682	(4,868)				48,682
Equalization Aid	18-495-034-5120-078	3,996	7/1/17-6/30/18	(400)		400						
Equalization Aid	19-495-034-5120-078	3,996	7/1/18-6/30/19			3,597	3,996	(399)				3,996
Professional Learning Community Aid	18-495-034-5120-101	5,040	7/1/17-6/30/18	(504)		504						
PARCC Readiness	18-495-034-5120-098	4,960	7/1/17-6/30/18	(496)		496						
Per Pupil Growth Aid	18-495-034-5120-097	4,960	7/1/17-6/30/18	(496)		496						
Total State Aid - Public Cluster							1,635,460					1,635,460
Transportation Aid	18-495-034-5120-014	253,966	7/1/17-6/30/18	(25,393)		25,393						
Transportation Aid	19-495-034-5120-014	253,966	7/1/18-6/30/19			228,573	253,966	(25,393)				253,966
Additional NonPublic Transportation Aid	18-495-034-5120-014	4,640	7/1/17-6/30/18	(4,640)		4,640						
Additional NonPublic Transportation Aid	19-495-034-5120-014	2,900	7/1/18-6/30/19				2,900	(2,900)			\$ (2,900)	2,900
Total Transportation Aid Cluster							256,866					256,866
Extraordinary Aid	18-495-034-5120-044	196,703	7/1/17-6/30/18	(196,703)		196,703						
Extraordinary Aid	19-495-034-5120-044	196,469	7/1/18-6/30/19				196,469	(196,469)				196,469
Payment for Institutionalized Children												
Unknown District Residence	18-495-034-5120-005	3,394	7/1/17-6/30/18	(3,394)		3,394						
TPAF Social Security Contrib.	19-495-034-5094-003	372,804	7/1/18-6/30/19			354,210	372,804	(18,594)			(18,594)	372,804
TPAF Pension - NCGI	19-495-034-5094-004	19,926	7/1/18-6/30/19			19,926	19,926					19,926
TPAF Pension - Normal Cost	19-495-034-5094-002	951,906	7/1/18-6/30/19			951,906	951,906					951,906
TPAF Pension - Long-Term Disability Insurance Contr.	19-495-034-5094-004	1,300	7/1/18-6/30/19			1,300	1,300					1,300
TPAF Pension PRM Contr.	19-495-034-5094-001	440,822	7/1/18-6/30/19			440,822	440,822					440,822
Total General Fund				(398,017)		3,866,690	3,875,553	(406,880)			(21,494)	3,875,553
Enterprise Fund												
Nat'l Sch. Lunch Prog (State Share)	18-100-010-3350-023	2,040	7/1/17-6/30/18	(151)		151						
Nat'l Sch. Lunch Prog (State Share)	19-100-010-3350-023	1,889	7/1/18-6/30/19			1,780	1,889	(109)			(109)	1,889
Total Enterprise Fund				(151)		1,931	1,889	(109)			(109)	1,889
Total State Financial Assistance Subject to Single Audit Determination				(398,168)		3,868,621	3,877,442	(406,989)			(21,603)	3,877,442
State Financial Assistance												
Not Subject to Single Audit Determination												
General Fund												
TPAF Pension - NCGI	19-495-034-5094-004	19,926	7/1/18-6/30/19			(19,926)	(19,926)					(19,926)
TPAF Pension - Normal Cost	19-495-034-5094-002	951,906	7/1/18-6/30/19			(951,906)	(951,906)					(951,906)
TPAF Pension - Long-Term Disability Insurance Contr.	19-495-034-5094-004	1,300	7/1/18-6/30/19			(1,300)	(1,300)					(1,300)
TPAF Pension PRM Contr.	19-495-034-5094-001	440,822	7/1/18-6/30/19			(440,822)	(440,822)					(440,822)
Total State Financial Assistance Subject to Major Program Determination				\$ (398,168)	\$ -	\$ 2,454,667	\$ 2,463,488	\$ (406,989)	\$ -	\$ -	\$ (21,603)	\$ 2,463,488

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$4,597 for the general fund and a decrease of \$19,447 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,880,150	\$ 3,880,150
Special Revenue Fund	\$ 215,127		215,127
Debt Service Fund		7,313	7,313
Food Service Fund	<u>45,701</u>	<u>1,889</u>	<u>47,590</u>
Total Financial Assistance	<u>\$ 260,828</u>	<u>\$ 3,889,352</u>	<u>\$ 4,150,180</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 \$372,804 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$971,832, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$440,822 and TPAF Long-Term Disability Insurance in the amount of \$1,300 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? yes X no

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

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

Federal Awards Section - NOT APPLICABLE

State Awards Section

Internal Control over major programs:

(1) Material weaknesses identified? yes X no

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

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

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

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>19-495-034-5120-089</u>	<u>Special Educational Categorical Aid</u>
<u>19-495-034-5120-084</u>	<u>Security Aid</u>
<u>19-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>19-495-034-5120-085</u>	<u>Adjustment Aid</u>

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

Auditee qualified as low-risk auditee? X yes no

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.