

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Somerset, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Franklin Township Public Schools**

**Somerset, New Jersey**

**For The Fiscal Year Ended June 30, 2019**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

# FRANKLIN TOWNSHIP PUBLIC SCHOOLS

1755 Amwell Road  
Somerset, New Jersey 08873

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

JONATHAN TOTH  
ASSISTANT SUPERINTENDENT FOR BUSINESS  
BOARD SECRETARY

November 20, 2019

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

Dear Board Members and Constituents of Franklin Township:

The Comprehensive Annual Financial Report (CAFR) of the Franklin Township School District (District) for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

## **REPORTING ENTITY AND ITS SERVICES**

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

The Franklin Township Public School District is a Pre-K-12 educational system, comprised of ten (10) schools, approximately 7,500 students, and approximately one thousand two hundred (1,200) staff. In addition, the budget supports approximately 955 Charter School Students. The district provides transportation services to 782 non-public students and aid-in-lieu payments to 391 non-public students.

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

The school district has plans to engage the services of an education consultant (spring of 2020) to conduct an enrollment projection. The consultant's report to the Board of Education will be kept on file with the District.

## **MAJOR BUILDING PROJECTS/RENOVATIONS 2018-2019**

The status of major capital projects and/or renovations for the 2018-2019 school year is as follows:

- FMS Hamilton & FHS Security Upgrades \$750,000 Complete
- FMS at Hamilton Street Track and Bleacher Renovation \$1,500,000 Complete
- Board Administrative Campus Renovation \$1,450,000 Ongoing
- FMS at Hamilton Street Toilet & Locker Renovation \$1,328,500 Complete

## **UPDATE ON REFERENDUM PROJECTS**

The status of December 2014 referendum capital projects for 2018-2019 school year are as follows:

- Sampson G. Smith Additions and Renovations Contract - \$10,370,000-- Complete
- Hillcrest Additions and Renovations Contract - \$2,073,000 – Complete
- Elizabeth Avenue Additions and Renovations Contract - \$12,024,324 – Complete
- Franklin Park School Covered Walkway Contract - \$369,413- Complete
- Pine Grove Additions & Alterations Contract-- \$618,600 – Completed
- Pine Grove Door Contract - \$161,702 – Complete
- Hillcrest Additions & Alterations Contract -- \$2,132,931—Complete
- Claremont Road Elementary School Contract -- \$37,124,575 Complete
- Sampson G Smith Window Replacement Contract -- \$709,780 Complete
- Hillcrest – MacAfee – Conerly Window Replacement Contract \$849,350 In Progress

## **MAJOR ACCOMPLISHMENTS**

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

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

- Creating innovative learning opportunities, such as a new Health Professions Academy, a partnership program with Rutgers University's School of Health Professions. This program will allow students to earn credits towards various certificated programs at Rutgers and other colleges and universities. In addition, dance instruction is available to students at all grade levels, K-12. In Grades 4 and 5, a "voice and choice" enrichment program is offered to students via Student College courses.
- Developing, in the 2019-2020 SY, a new "Honors for All" pilot so that students can earn Honors credits within their social studies classes at the middle school level.
- Offering innovative extracurricular activities include morning clubs at all elementary schools and a new "Aviation Club" to students at FHS that enables them to pursue and earn a pilot's license while attending high school.
- Achieving Future Ready certification for nine out of the ten district schools with the tenth school on track to be certified in the 2019-2020 school year. Receiving the Future Ready Schools distinction is an honor that indicates each school's clearly articulated vision for the strategic incorporation of technology in teaching and learning.

- Earning a High Performing School District designation by the NJDOE as a result of the district's most recent NJQSAC review.
- Receiving an NJDOE Model Program designation for the English Language Learners program in the district's schools.
- Receiving outstanding recognition for its Fine, Visual, and Performing Arts program and its work with Social Emotional learning opportunities via PBSIS and various mentoring programs throughout the district.
- Offering one of the most comprehensive K-12 financial literacy curricula in the state, which has gained FTSP recognition by Junior Achievement of New Jersey, due to its highly involvement with the Junior Achievement program at FHS. This program includes visits from high school students to all district schools in Grades K-8, for which they teach financial literacy lessons. It also allows local and national business leaders to teach literacy lessons to our students. Not coincidentally, a number of our students have won prestigious national financial literacy contests.
- Increasing and diversifying enrollment in advanced level courses while maintaining achievement in those same courses as a result of partnering with Equal Opportunity School (EOS). The district also has been recognized in recent years for being placed on the College Board's Annual AP District Honor Roll for increasing access to Advanced Placement courses for a broader number of students while simultaneously maintaining or improving the rate at which the AP students earned scores of 3 or higher. However, the district firmly believes its work with EOS will further accomplishment in this area.
- Reinstating and expanding a rigorous Gifted and Talented program for our students, with plans for further equitable enrollment in GATE courses during 2019-2020.
- For SY 2019-2020, PEA and PEEA Grants allowed the district to open up additional PK classrooms and add more master teachers.

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

<b>School</b>	<b>Name</b>	<b>Teacher/Position</b>
FHS	Maggie Muir-Shylock	Spanish teacher
FMS	Nicole Monfasani	Health & PE
SGS	Carminda Bandeira	Science
CES	Beth Osipowitz	Kindergarten SPED Teacher
CRS	Cyndy Normart	Grade 2 Special Education Teacher
EAS	Tina Wojtowicz	4th grade Math Teacher
FPS	Chelsie Baakman	Special Education Teacher
HIL	Lindsay Sheffrin	Resource Room Grades 3,4, 5 Literacy
MAC	Wilma Rosikiewicz	Grades 4/5 Lit. Teacher
PGM	Jillian Noble	PE & Health Teacher

<b>School</b>	<b>Name</b>	<b>ESYOY Position</b>
FHS	Chance Summerer	School Counselor
FMS	Thomas McLaughlin	Paraprofessional
SGS	Barbara Klinck	Media Specialist
CES	Theresa Ferrigno	Paraprofessional
CRS	Abbe Levine	Media Specialist
EAS	Terri Giorgianni	School Nurse
FPS	Disha Hinduja	Paraprofessional
HIL	Cindy Jimenez	Literacy Coach
MAC	Caroline Powell	Paraprofessional
PGM	Mayra Rivera	School Nurse

#### **ANNUAL STANDARDIZED TESTING REPORT**

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

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

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

During the spring of 2018, Franklin Township administered the New Jersey Student Learning Assessment (NJSLA) to grades 3-11. The district was well prepared for the assessment and was well supported through the technology department. Franklin Township Public Schools issues an annual test report based on academic assessments of all students in testing years (grades 3-8, 11).

#### **RELEVANT FINANCIAL POLICIES**

The operations of the Franklin Township Public Schools are financed through a combination of local property taxes, state and federal aid and other local miscellaneous revenue. Property taxes, the largest local revenue source (70%) for the District, have steadily increased over the past five years.

The second largest revenue source (approximately 28% of revenue) for the district is State/Federal aid/grants. Over thirty five and a half million of the aid pertains to on-behalf payments made by the State for pension, social security and other post-employment benefits, of those district employees enrolled in the teachers' pension plan. The other significant sources of aid pertain to funding for special education, and



equalization aid. In addition, approximately 2% of the District's revenue is comprised of charges for services and other miscellaneous revenues.

### **INTERNAL ACCOUNTING CONTROLS**

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

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

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

### **BUDGETARY CONTROLS**

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

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

### **LONG-TERM FINANCIAL PLANNING**

Each year, as part of the annual budget development process, the administration sets forth the District's statement of priorities. This statement is used to document a District's initiatives, goals and priorities and how they relate to the budget process. The goals presented often balance fiscal and program issues.

The following 2018—19 Budget Goals were adopted by the Board and used to guide the budget development process:

1. To support the District programs the Board will utilize its 2% spending growth adjustment, State Department of Education authorized budgetary spending growth adjustments, and Banked CAP.

2. Anticipate the utilization of any unspent 2017-2018 general fund budget and allocate those funds to support the One Less Move and other district initiatives.
3. To support the expansion of FTPS PreK-12 Specialized Programs, including World Languages, Career and Technical Education, Enrichment, Technology, STEM, Tiered Interventions, Transitional Programs, and Fine, Visual, and Performing Arts.
4. To provide Claremont Road Elementary School and both of the district's middle schools with the appropriate resources, support and educational staff to accomplish the district's restructuring initiative.
5. To support the continued professional development of staff, especially in the areas of social emotional learning, culturally responsive instruction, technology, and content specialization.
6. To support the equitable expansion of co-curricular and extracurricular offerings, especially at the elementary and middle school levels.

After State approval of the proposed budget, on April 29, 2019 the Board unanimously adopted the 2019-20 budget. The General Fund Tax Levy increased by 2.62% and the total operating budget increased by 1.08%. The Debt Service Budget decreased by 0.32%.

## **INDEPENDENT AUDIT**

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

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Franklin Township School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This is the thirteenth consecutive year that the District received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

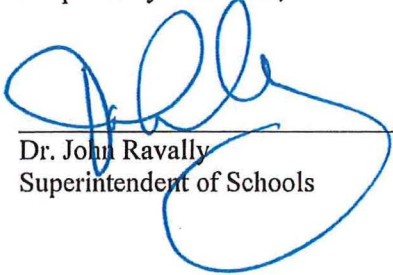
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal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

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

## ACKNOWLEDGEMENTS


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

Respectfully submitted,



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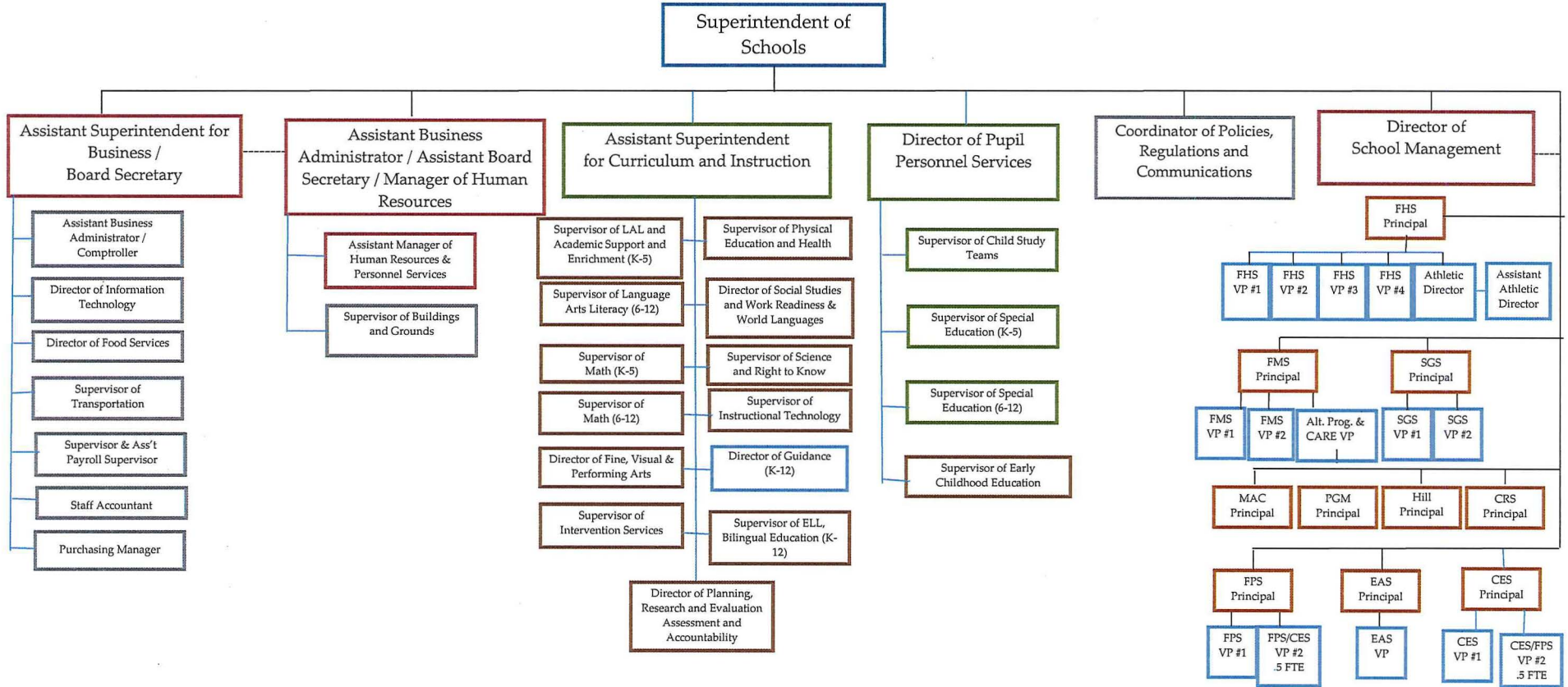
Dr. John Ravally  
Superintendent of Schools



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Jonathan B Toth  
Assistant Superintendent for Business &  
Board Secretary

**Franklin Township Organizational Chart  
2019**



X T.

# ROSTER OF OFFICIALS

June 30, 2019

## Members of the Board of Education

## Term Expires

Nancy LaCorte, President	2019
Ardaman Singh, Vice President	2019
Christine Danielsen	2019
Nishita Desai	2020
Laurie Merris	2021
Edward Potosnak III	2021
Michelle L. Shelton	2020
Dr. Michael J. Smith	2020
Patricia E. Stanley	2021

## **Other Officials**

Dr. John A. Ravally, Superintendent of Schools

Jonathan Toth, Asst. Supt. for Business/Board Secretary

Kim M. Esterman, Treasurer

# **FRANKLIN TOWNSHIP SCHOOL DISTRICT**

## **Consultants and Advisors**

### **Architect**

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

### **Audit Firm**

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

### **Attorney**

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

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

### **Official Depositories**

TD Bank  
3221 Route 27  
Franklin Park, NJ 08823

First Bank  
225 Demott Lane  
Somerset, NJ 08873



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Franklin Township Public Schools**

**New Jersey**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

**FINANCIAL SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools, as of and for the fiscal year ended June 30, 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 Franklin Township Public Schools 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 Franklin Township Public Schools' basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Franklin Township Public Schools.

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2019 on our consideration of the Franklin Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Franklin Township Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Franklin Township Public Schools' internal control over financial reporting and compliance.

*Lerch, Vinci & Higgins, LLP*

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

*Donna L. Japhet*

Donna L. Japhet  
Public School Accountant  
PSA Number CS02314

Fair Lawn, New Jersey  
November 20, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

This section of the Franklin Township Public Schools' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2018-2019) and the prior year (2017-2018) is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2018-2019 fiscal year include the following:

- The assets and deferred outflows of resources of the Franklin Township Public Schools exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,815,872 (net position).
- Overall revenues were \$212,657,676. General revenues accounted for \$154,237,449 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$58,420,227 or 27% of total revenues.
- The school district had \$206,924,179 in expenses for governmental activities; only \$53,977,297 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$154,199,521 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$27,657,972.
- The General Fund fund balance at June 30, 2019 was \$19,474,562 a decrease of \$289,510 when compared with the beginning balance at July 1, 2018 of \$19,764,072.

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

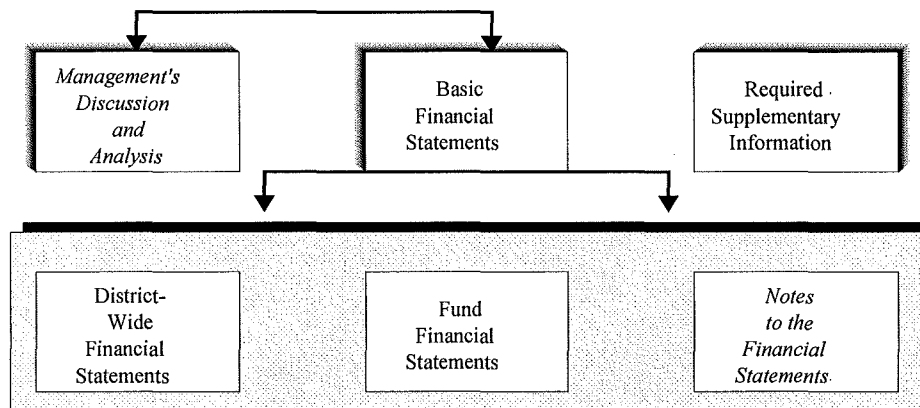
**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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



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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

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

Major Features of the District-Wide and Fund Financial Statements

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

**District-Wide Financial Statements**

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

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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

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

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

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

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

**Fund Financial Statements**

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

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

The District has three kinds of funds:

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



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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Fund Financial Statements (continued)**

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

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

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

**Notes to the Financial Statements**

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

**Other Information**

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

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

**DISTRICT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,815,872 and \$7,804,336 as of June 30, 2019 and June 30, 2018, respectively.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

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

<b>Net Position</b>						
<b>June 30, 2019 and 2018</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>						
Current Assets	\$ 31,506,714	\$ 43,180,818	\$ 2,015,122	\$ 2,375,622	\$ 33,521,836	\$ 45,556,440
Capital Assets, Net	<u>133,904,851</u>	<u>147,248,545</u>	<u>624,205</u>	<u>805,981</u>	<u>134,529,056</u>	<u>148,054,526</u>
<b>Total Assets</b>	<u>165,411,565</u>	<u>190,429,363</u>	<u>2,639,327</u>	<u>3,181,603</u>	<u>168,050,892</u>	<u>193,610,966</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Refunding of Debt	887,947	1,115,472	-	-	887,947	1,115,472
Deferred Amounts on Net Pension Liability	<u>10,252,237</u>	<u>12,411,088</u>	<u>516,220</u>	<u>737,953</u>	<u>10,768,457</u>	<u>13,149,041</u>
<b>Total Deferred Outflows of Resources</b>	<u>11,140,184</u>	<u>13,526,560</u>	<u>516,220</u>	<u>737,953</u>	<u>11,656,404</u>	<u>14,264,513</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>176,551,749</u>	<u>203,955,923</u>	<u>3,155,547</u>	<u>3,919,556</u>	<u>179,707,296</u>	<u>207,875,479</u>
<b>Liabilities</b>						
Long-Term Liabilities	146,910,093	156,392,913	2,602,978	2,904,867	149,513,071	159,297,780
Other Liabilities	<u>5,115,906</u>	<u>4,835,167</u>	<u>182,407</u>	<u>237,245</u>	<u>5,298,313</u>	<u>5,072,412</u>
<b>Total Liabilities</b>	<u>152,025,999</u>	<u>161,228,080</u>	<u>2,785,385</u>	<u>3,142,112</u>	<u>154,811,384</u>	<u>164,370,192</u>
<b>Deferred Inflows of Resources</b>						
Deferred Commodities Revenue			13,957	17,346	13,957	17,346
Deferred Amounts on Net Pension Liability	<u>15,295,904</u>	<u>10,945,638</u>	<u>770,179</u>	<u>650,819</u>	<u>16,066,083</u>	<u>11,596,457</u>
<b>Total Deferred Inflows of Resources</b>	<u>15,295,904</u>	<u>10,945,638</u>	<u>784,136</u>	<u>668,165</u>	<u>16,080,040</u>	<u>11,613,803</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>167,321,903</u>	<u>172,173,718</u>	<u>3,569,521</u>	<u>3,810,277</u>	<u>170,891,424</u>	<u>175,983,995</u>
<b>Net Position</b>						
Net Investment in Capital Assets	44,040,614	38,808,683	624,205	523,831	44,664,819	39,332,514
Restricted	13,080,332	15,455,281			13,080,332	15,455,281
Unrestricted	<u>(47,891,100)</u>	<u>(46,286,757)</u>	<u>(1,038,179)</u>	<u>(696,702)</u>	<u>(48,929,279)</u>	<u>(46,983,459)</u>
<b>Total Net Position</b>	<u>\$ 9,229,846</u>	<u>\$ 7,977,207</u>	<u>\$ (413,974)</u>	<u>\$ (172,871)</u>	<u>\$ 8,815,872</u>	<u>\$ 7,804,336</u>

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Changes in Net Position  
For The Fiscal Years Ended June 30, 2019 and 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 104,820	\$ 499,303	\$ 1,963,934	\$ 2,002,488	\$ 2,068,754	\$ 2,501,791
Operating Grants and Contributions	53,013,409	61,786,833	2,478,996	2,521,957	55,492,405	64,308,790
Capital Grants and Contributions	859,068	384,562			859,068	384,562
General Revenues						
Property Taxes	145,364,388	140,549,336			145,364,388	140,549,336
State Aid	6,173,944	6,162,208			6,173,944	6,162,208
Other	2,661,189	1,153,343	37,928	14,305	2,699,117	1,167,648
<b>Total Revenues</b>	<b>208,176,818</b>	<b>210,535,585</b>	<b>4,480,858</b>	<b>4,538,750</b>	<b>212,657,676</b>	<b>215,074,335</b>
<b>Expenses</b>						
Instruction						
Regular	82,813,828	82,444,687			82,813,828	82,444,687
Special Education	30,753,643	32,967,859			30,753,643	32,967,859
Vocational Education-Tuition	261,392	213,482			261,392	213,482
School Sponsored Activities and Athletics	2,411,582	2,591,286			2,411,582	2,591,286
Other Instruction	8,976,461	8,350,055			8,976,461	8,350,055
Support Services						
Student and Instruction Related Services	25,575,140	25,286,241			25,575,140	25,286,241
School Administrative Services	9,576,676	9,386,829			9,576,676	9,386,829
General Administrative Services	2,714,208	2,959,436			2,714,208	2,959,436
Plant Operations and Maintenance	23,154,959	18,678,318			23,154,959	18,678,318
Pupil Transportation	13,316,912	14,050,861			13,316,912	14,050,861
Business and Other Support Services	4,019,780	4,328,175			4,019,780	4,328,175
Interest on Long-Term Debt	3,349,598	3,458,717			3,349,598	3,458,717
Food Service			3,669,174	3,207,689	3,669,174	3,207,689
Other-Business Activities	-	-	1,052,787	818,595	1,052,787	818,595
<b>Total Expenses</b>	<b>206,924,179</b>	<b>204,715,946</b>	<b>4,721,961</b>	<b>4,026,284</b>	<b>211,646,140</b>	<b>208,742,230</b>
<b>Increase/(Decrease) in Net Position</b>	<b>1,252,639</b>	<b>5,819,639</b>	<b>(241,103)</b>	<b>512,466</b>	<b>1,011,536</b>	<b>6,332,105</b>
<b>Change in Net Position</b>	<b>1,252,639</b>	<b>5,819,639</b>	<b>(241,103)</b>	<b>512,466</b>	<b>1,011,536</b>	<b>6,332,105</b>
<b>Net Position, Beginning of Year</b>	<b>7,977,207</b>	<b>25,962,566</b>	<b>(172,871)</b>	<b>(403,187)</b>	<b>7,804,336</b>	<b>25,559,379</b>
<b>Prior Period Adjustmet- Captal Assets, Net</b>	<b>-</b>	<b>(23,804,998)</b>	<b>-</b>	<b>(282,150)</b>	<b>-</b>	<b>(24,087,148)</b>
<b>Net Position, End of Year</b>	<b>\$ 9,229,846</b>	<b>\$ 7,977,207</b>	<b>\$ (413,974)</b>	<b>\$ (172,871)</b>	<b>\$ 8,815,872</b>	<b>\$ 7,804,336</b>

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

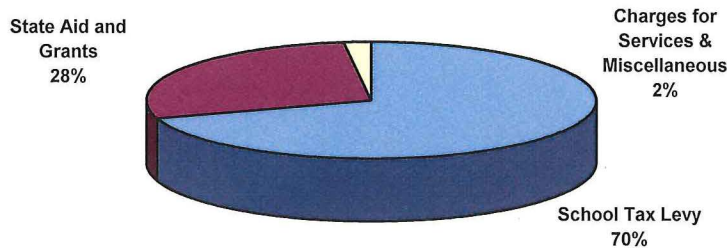
**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$208,176,818 and \$210,535,585 for the fiscal years ended June 30, 2019 and June 30, 2018, respectively. Property taxes of \$145,364,388 and \$140,549,336 represented 70% and 67% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$59,187,353 and \$67,949,041 which was represented 28% and 32% of the revenues for fiscal years ended June 30, 2019 and 2018, respectively. The significant decrease in this revenue type is attributable to the adjustment to the On-Behalf other post-employment benefit (OPEB) contribution to recognize the actuarially determined amount that should have been contributed on behalf of the District. This adjustment which affects both the revenues and expenses of the governmental activities was \$6,976,217 for the fiscal year ended June 30, 2019 compared to \$12,295,029 for the fiscal year ended June 30, 2018. The District also had \$859,068 and \$384,562 of capital grants and contributions for the fiscal years ended June 30, 2019 and 2018, respectively. The balance of revenues for fiscal year June 30, 2019 and 2018, respectively is charges for transportation services (\$-0- and \$22,000), charges for tuition (\$85,455 and \$454,345), charges for rentals (\$19,365 and \$22,958) and miscellaneous income (\$2,661,189 and \$1,153,343) which includes items such as investment earnings, prior year refunds, etc.

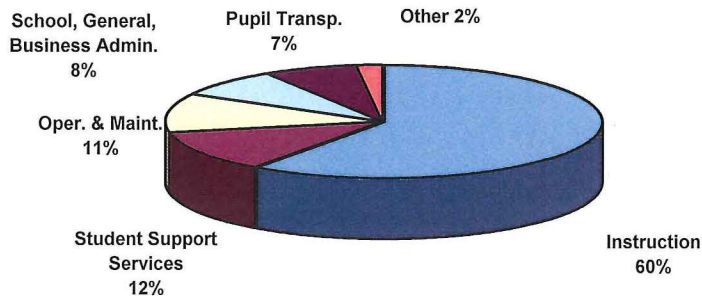
The total cost of all governmental activities programs and services was \$206,924,179 and \$204,715,946. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$125,216,906 and \$126,567,369 (60% and 62%) of total expenses, respectively. Student and Instruction Related Services totaled \$25,575,140 and \$25,286,241 or (12% and 12%) of total expenses. Plant operations and maintenance services totaled \$23,154,959 and \$18,678,318 (11% and 9%) of total expenses. Pupil Transportation total \$13,316,912 and \$14,050,861 or (7% and 7%) of total expenses. Administrative services were \$16,310,664 and \$16,674,440 or (8% and 8%) of total expenses. Interest on Long-Term Debt totaled \$3,349,598 and \$3,458,717 or (2% and 2%) of total expenses.

Total governmental activities revenues exceeded expenses resulting in net position increasing \$1,252,639 from the previous year.

Revenues by Source- Governmental Activities  
For Fiscal Year 2019



Expenses by Type- Governmental Activities  
For Fiscal Year 2019



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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$206,924,179 and \$204,715,946 for the fiscal years ended June 30, 2019 and 2018. After applying program revenues, derived from charges for services of \$104,820 and \$499,303, and operating grants and contributions of \$53,013,409 and \$61,786,833, and capital grants and contributions of \$859,068 and \$384,562, the net cost of services of the District is \$152,946,882 and \$142,045,248, respectively

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2019 and 2018**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Instruction</b>				
Regular	\$ 82,813,828	\$ 82,444,687	\$ 58,593,882	\$ 53,347,785
Special Education	30,753,643	32,967,859	15,864,536	15,879,064
Vocational Education-Tuition	261,392	213,482	261,392	213,482
School Sponsored Activities and Athletics	2,411,582	2,591,286	1,728,753	1,660,533
Other Instruction	8,976,461	8,350,055	5,994,780	4,981,106
<b>Support Services</b>				
Student and Instruction Related Services	25,575,140	25,286,241	22,146,702	21,197,997
School Administrative Services	9,576,676	9,386,829	7,518,922	6,817,949
General Administrative Services	2,714,208	2,959,436	2,654,038	2,850,398
Plant Operations and Maintenance	23,154,959	18,678,318	20,071,741	15,680,367
Pupil Transportation	13,316,912	14,050,861	11,415,162	12,706,794
Business and Other Support Services	4,019,780	4,328,175	3,819,004	3,723,480
<b>Interest on Long-Term Debt</b>	<u>3,349,598</u>	<u>3,458,717</u>	<u>2,877,970</u>	<u>2,986,293</u>
<b>Total</b>	<u>\$ 206,924,179</u>	<u>\$ 204,715,946</u>	<u>\$ 152,946,882</u>	<u>\$ 142,045,248</u>

**Business-Type Activities** – The District's total business-type activities revenues were \$4,480,858 and \$4,538,750 for the fiscal years ended June 30, 2019 and 2018, respectively. Charges for services accounted for 44% and 44% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$2,478,996 and \$2,521,957 accounted for 55% and 56% of total revenue for each of the fiscal years. The balance of the revenues, \$37,928 and \$14,305, respectively represents investment earnings.

The total cost of all business-type activities programs and services was \$4,721,961 and \$4,026,284 for the fiscal years ended June 30, 2019 and 2018. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of the C.A.R.E. program within the District.

Total business-type activities expenses exceeded revenues decreasing net position by \$241,103 from the last year.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

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

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

**Governmental Funds**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2019, its governmental funds reported a combined fund balance of \$27,657,972. At June 30, 2018, the fund balance was \$39,652,937. The decrease in fund balance was largely attributable to the expenditures incurred for the District's referendum projects.

Revenues and other financing sources (net) for the District's governmental funds were \$195,294,179, while total expenditures were \$207,289,144 thereby decreasing fund balance by \$11,994,965 for the fiscal year ended June 30, 2019.

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 137,531,420	\$ 132,453,496	\$ 5,077,924	4%
Interest	593,931	248,339	345,592	139%
State/Federal Sources	35,263,433	32,938,806	2,324,627	7%
Miscellaneous	<u>2,041,397</u>	<u>1,134,701</u>	<u>906,696</u>	80%
Total General Fund Revenues	<u>\$ 175,430,181</u>	<u>\$ 166,775,342</u>	<u>\$ 8,654,839</u>	5%

Total General Fund Revenues increased by \$8,654,839 or 5% over the previous year.

Local property taxes increased 4% over the previous year. State and federal aid revenues increased \$2,324,627 or 7% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

Miscellaneous revenues decreased due to onetime revenues such as cancellation of prior year payables, refunds on prior year expenditures and proceeds from the sales of computers and related supplies received in fiscal year end June 30, 2019 compared to the previous year.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 105,690,001	\$ 96,820,954	\$ 8,869,047	9%
Support and Undistributed Services	67,394,287	62,631,653	4,762,634	8%
Capital Outlay	4,360,204	1,029,881	3,330,323	323%
Debt Service	<u>1,446,868</u>	<u>582,526</u>	<u>864,342</u>	148%
Total Expenditures	<u>\$ 178,891,360</u>	<u>\$ 161,065,014</u>	<u>\$ 17,826,346</u>	11%

Total General Fund expenditures increased \$17,826,346 or 11% from the previous year.

The significant increase in capital outlay expenditures was due to various capital projects such as locker and bathroom renovations, security infrastructure upgrades and classroom/building retrofit that were funded by capital reserve. The increase in debt service relates to the annual required repayment of two new lease purchase agreements beginning in FY 2019.

In 2018-2019, General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$289,510. As a result, total fund balance decreased to \$19,474,562 at June 30, 2019. After deducting transfers and reserves, the unrestricted, unassigned fund balance decreased from \$813,838 at June 30, 2018 to a balance of \$694,680 at June 30, 2019.

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

Revenues of the Special Revenue Fund were \$6,871,890 for the year ended June 30, 2019. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 44% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$1,202,516 or 21% from the previous year. State sources increased \$1,456,650 or 62% and Federal sources decreased \$258,607 or 8%. Local sources increased \$4,473. There was also a transfer of \$253,000 from the general operating fund budget for the fiscal year ended June 30, 2019. This was to fund the inclusion of pre-kindergarten students.

Expenditures of the Special Revenue Fund were \$7,124,890. Instructional expenditures were \$6,687,328 or 94%. Expenditures for the support services were \$368,482 or 5% of total expended for the year ended June 30, 2019. The balance of expenditures, \$69,080 was for capital outlay.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**Capital Projects** - The capital projects revenues and other financing sources were less than expenditures and other financing uses by \$11,502,430 decreasing fund balance to \$8,183,410 at June 30, 2019. The decrease is primarily due to the expenditure of funds related to the referendum projects as well as various other capital projects.

**Proprietary Funds**

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

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

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



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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

**CAPITAL ASSETS**

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$134,529,056 (net of accumulated depreciation). The capital assets consist of land improvements, buildings and building improvements, construction in progress, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2018-2019 amounted to \$4,576,716 for governmental activities and \$64,741 for business-type activities.

Capital Assets at June 30, 2019 and 2018  
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u> <u>(Restated)</u>	<u>2019</u>	<u>2018</u> <u>(Restated)</u>	<u>2019</u>	<u>2018</u> <u>(Restated)</u>
Land	\$ 20,311,056	\$ 20,311,056			\$ 20,311,056	\$ 20,311,056
Improvements Other Than Buildings	3,197,431	3,591,035			3,197,431	3,591,035
Building and Building Improvements	108,037,271	97,365,128			108,037,271	97,365,128
Machinery and Equipment	<u>2,359,093</u>	<u>2,176,328</u>	\$ 624,205	\$ 523,831	<u>2,983,298</u>	<u>2,700,159</u>
<b>Total Capital Assets, Net</b>	<u>\$ 133,904,851</u>	<u>\$ 123,443,547</u>	<u>\$ 624,205</u>	<u>\$ 523,831</u>	<u>\$ 134,529,056</u>	<u>\$ 123,967,378</u>

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

**LONG TERM LIABILITIES**

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$1,945,095, claims and judgments payable of \$1,232,234; bonds payable, including unamortized premium, of \$91,654,661, lease purchase agreements payable of \$9,218,873, and net pension liability of \$42,859,230. The District's long-term liabilities for the business-type activities consisted of net pension liability of \$2,602,978.

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

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2019-2020 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, out of district tuition, tuition for charter schools, energy and employee related benefit costs.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**BASIC FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 26,955,455	\$ 1,981,533	\$ 28,936,988
Receivables, net	3,832,152	507,330	4,339,482
Inventory		48,138	48,138
Internal Balances	521,879	(521,879)	
Restricted Cash with Fiscal Agents	197,228		197,228
Capital Assets			
Not Being Depreciated	20,311,056		20,311,056
Being Depreciated, Net	<u>113,593,795</u>	<u>624,205</u>	<u>114,218,000</u>
Total Assets	<u>165,411,565</u>	<u>2,639,327</u>	<u>168,050,892</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	887,947		887,947
Deferred Amounts on Net Pension Liability	<u>10,252,237</u>	<u>516,220</u>	<u>10,768,457</u>
Total Deferred Outflows of Resources	<u>11,140,184</u>	<u>516,220</u>	<u>11,656,404</u>
Total Assets and Deferred Outflows of Resources	<u>176,551,749</u>	<u>3,155,547</u>	<u>179,707,296</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	2,032,161	133,063	2,165,224
Payable to Governments	130,103		130,103
Accrued Interest Payable	1,267,164		1,267,164
Unearned Revenue	1,686,478	49,344	1,735,822
Noncurrent Liabilities			
Due Within One Year	7,182,005		7,182,005
Due Beyond One Year	<u>139,728,088</u>	<u>2,602,978</u>	<u>142,331,066</u>
Total Liabilities	<u>152,025,999</u>	<u>2,785,385</u>	<u>154,811,384</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue		13,957	13,957
Deferred Amounts on Net Pension Liability	<u>15,295,904</u>	<u>770,179</u>	<u>16,066,083</u>
Total Deferred Inflows of Resources	<u>15,295,904</u>	<u>784,136</u>	<u>16,080,040</u>
Total Liabilities and Deferred Inflows of Resources	<u>167,321,903</u>	<u>3,569,521</u>	<u>170,891,424</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	44,040,614	624,205	44,664,819
Restricted for			
Capital Projects	12,054,707		12,054,707
Other	1,020,899		1,020,899
Debt Service	4,726		4,726
Unrestricted	<u>(47,891,100)</u>	<u>(1,038,179)</u>	<u>(48,929,279)</u>
Total Net Position	<u>\$ 9,229,846</u>	<u>\$ (413,974)</u>	<u>\$ 8,815,872</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Net (Expense) Revenue and  
Changes in Net Position**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 82,813,828	\$ 80,407	\$ 24,139,539		\$ (58,593,882)		\$ (58,593,882)
Special Education	30,753,643	5,048	14,884,059		(15,864,536)		(15,864,536)
Vocational Education- Tuition	261,392				(261,392)		(261,392)
School Sponsored Activities and Athletics	2,411,582		682,829		(1,728,753)		(1,728,753)
Other Instruction	8,976,461		2,981,681		(5,994,780)		(5,994,780)
Support Services							
Student & Instruction Related Services	25,575,140		3,359,358	\$ 69,080	(22,146,702)		(22,146,702)
School Administrative Services	9,576,676		2,057,754		(7,518,922)		(7,518,922)
General Administrative Services	2,714,208		60,170		(2,654,038)		(2,654,038)
Plant Operations and Maintenance	23,154,959	19,365	2,273,865	789,988	(20,071,741)		(20,071,741)
Pupil Transportation	13,316,912		1,901,750		(11,415,162)		(11,415,162)
Business/Central & Other Support Services	4,019,780		200,776		(3,819,004)		(3,819,004)
Interest on Long-Term Debt	3,349,598	-	471,628	-	(2,877,970)	-	(2,877,970)
Total Governmental Activities	<u>206,924,179</u>	<u>104,820</u>	<u>53,013,409</u>	<u>859,068</u>	<u>(152,946,882)</u>	<u>-</u>	<u>(152,946,882)</u>
<b>Business-Type Activities</b>							
Food Service	3,669,174	1,206,869	2,478,996			\$ 16,691	16,691
C.A.R.E.	<u>1,052,787</u>	<u>757,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(295,722)</u>	<u>(295,722)</u>
Total Business-Type Activities	<u>4,721,961</u>	<u>1,963,934</u>	<u>2,478,996</u>	<u>-</u>	<u>-</u>	<u>(279,031)</u>	<u>(279,031)</u>
Total Primary Government	<u>\$ 211,646,140</u>	<u>\$ 2,068,754</u>	<u>\$ 55,492,405</u>	<u>\$ 859,068</u>	<u>(152,946,882)</u>	<u>(279,031)</u>	<u>(153,225,913)</u>

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried forward)	\$ (152,946,882)	\$ (279,031)	\$ (153,225,913)
<b>General Revenues</b>			
Property Taxes			
Property Taxes, Levied for General Purposes	137,531,420		137,531,420
Taxes Levied for Debt Service	7,832,968		7,832,968
State Aid Unrestricted	6,173,944		6,173,944
Investment Earnings	724,612	37,928	762,540
Miscellaneous Income	1,936,577	-	1,936,577
Total General Revenues	154,199,521	37,928	154,237,449
Change in Net Position	1,252,639	(241,103)	1,011,536
Net Position, Beginning of Year (Restated)	7,977,207	(172,871)	7,804,336
Net Position, End of Year	\$ 9,229,846	\$ (413,974)	\$ 8,815,872

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

**FUND FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**AS OF JUNE 30, 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>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 19,336,468	\$ 1,014,915	\$ 6,604,072		\$ 26,955,455
Due from Other Funds	657,122				657,122
Receivables from Other Governments	479,417	821,792	2,308,966		3,610,175
Other Receivables	118,398	97,791			216,189
Restricted Cash with Fiscal Agents	<u>123,000</u>	<u>-</u>	<u>74,228</u>	<u>-</u>	<u>197,228</u>
 Total Assets	 <u>\$ 20,714,405</u>	 <u>\$ 1,934,498</u>	 <u>\$ 8,987,266</u>	 <u>-</u>	 <u>\$ 31,636,169</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 911,200	\$ 404,834	\$ 387,348		\$ 1,703,382
Deposits Payable		136			136
Accrued Liability for Insurance Claims	328,643				328,643
Due to Other Funds			129,455		129,455
Payable to State Government		129,878			129,878
Payable to Federal Government		225			225
Unearned Revenue	<u>-</u>	<u>1,399,425</u>	<u>287,053</u>	<u>-</u>	<u>1,686,478</u>
 Total Liabilities	 <u>1,239,843</u>	 <u>1,934,498</u>	 <u>803,856</u>	 <u>-</u>	 <u>3,978,197</u>
Fund Balances					
Restricted					
Excess Surplus	1,950,000				1,950,000
Excess Surplus- Designated for Subsequent Year's Expenditures (2019/20 Budget)	1,900,000				1,900,000
Capital Reserve	5,491,530				5,491,530
Capital Reserve-Designated for Subsequent Year's Expenditures (2019/20 Budget)	5,356,000				5,356,000
Maintenance Reserve	1,020,899				1,020,899
Capital Projects			8,178,684		8,178,684
Debt Service			4,726		4,726
Committed					
Purchases on Order	1,841,766				1,841,766
Assigned					
Purchases on Order	584,867				584,867
Designated for Subsequent Year's Expenditures	634,820				634,820
Unassigned					
General Fund	<u>694,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>694,680</u>
 Total Fund Balances	 <u>19,474,562</u>	 <u>-</u>	 <u>8,183,410</u>	 <u>-</u>	 <u>27,657,972</u>
 Total Liabilities and Fund Balances	 <u>\$ 20,714,405</u>	 <u>\$ 1,934,498</u>	 <u>\$ 8,987,266</u>	 <u>\$ -</u>	 <u>\$ 31,636,169</u>



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2019**

<b>Total Fund Balance (Exhibit B-1)</b>		<b>\$ 27,657,972</b>
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$205,057,882 and the accumulated depreciation is \$71,153,031.</p>		133,904,851
<p>The District has financed capital assets through the issuance of serial bonds and capital lease/lease purchase obligations. The interest accrual at year end is:</p>		(1,267,164)
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		887,947
<p>Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2A)</p>		(146,910,093)
<p>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.</p>		
Deferred Outflows of Resources	\$ 10,252,237	
Deferred Inflows of Resources	<u>(15,295,904)</u>	
		<u>(5,043,667)</u>
<b>Net Position of Governmental Activities (Exhibit A-1)</b>		<b><u>\$ 9,229,846</u></b>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**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>
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 137,531,420			\$ 7,832,968	\$ 145,364,388
Tuition	85,455				85,455
Transportation Fees	19,365				19,365
Interest	593,931		\$ 130,681		724,612
Miscellaneous	1,936,577	\$ 17,438	-	-	1,954,015
Total - Local Sources	140,166,748	17,438	130,681	7,832,968	148,147,835
State Sources	34,976,503	3,802,788	789,988	943,257	40,512,536
Federal Sources	286,930	3,051,664	-	-	3,338,594
Total Revenues	<u>175,430,181</u>	<u>6,871,890</u>	<u>920,669</u>	<u>8,776,225</u>	<u>191,998,965</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	69,423,623	4,920,167			74,343,790
Special Education Instruction	26,222,198	1,767,161			27,989,359
Vocational Education Instruction- Tuition	261,392				261,392
Other Instruction	7,696,343				7,696,343
School-Sponsored Activities and Athletics	2,086,445				2,086,445
Support Services					
Student and Instruction Related Services	23,074,947	368,482			23,443,429
School Administrative Services	8,484,944				8,484,944
General Administrative Services	2,634,719				2,634,719
Plant Operations and Maintenance	16,354,585		1,684,908		18,039,493
Pupil Transportation	13,180,793				13,180,793
Business Central Services	3,664,299				3,664,299
Debt Service					
Principal	1,085,341			5,835,000	6,920,341
Interest and Other Charges	361,527			3,144,250	3,505,777
Capital Outlay	4,360,204	69,080	10,608,736	-	15,038,020
Total Expenditures	<u>178,891,360</u>	<u>7,124,890</u>	<u>12,293,644</u>	<u>8,979,250</u>	<u>207,289,144</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,461,179)</u>	<u>(253,000)</u>	<u>(11,372,975)</u>	<u>(203,025)</u>	<u>(15,290,179)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Purchase Proceeds	3,295,214				3,295,214
Transfers In	129,455	253,000		-	382,455
Transfers Out	(253,000)	-	(129,455)	-	(382,455)
Total Other Financing Sources and Uses	<u>3,171,669</u>	<u>253,000</u>	<u>(129,455)</u>	<u>-</u>	<u>3,295,214</u>
Net Change in Fund Balances	(289,510)	-	(11,502,430)	(203,025)	(11,994,965)
Fund Balance, Beginning of Year	19,764,072	-	19,685,840	203,025	39,652,937
Fund Balance, End of Year	<u>\$ 19,474,562</u>	<u>\$ -</u>	<u>\$ 8,183,410</u>	<u>\$ -</u>	<u>\$ 27,657,972</u>

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

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

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ (11,994,965)

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

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

Capital Outlay	\$ 15,038,020	
Depreciation Expense	<u>(4,576,716)</u>	
		10,461,304

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

Net Decrease in Compensated Absences	111,754	
Net Increase in Claims and Judgements for Self-Insurance	(593,216)	
Increase in Governmental Activities Pension Expense	<u>(513,544)</u>	
		(995,006)

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

3,625,127

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

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

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

Decrease in Accrued Interest		<u>40,122</u>
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**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 1,252,639**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2019**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,613,925	\$ 367,608	\$ 1,981,533
Intergovernmental Receivable			
State	8,925		8,925
Federal	498,405		498,405
Inventories	48,138	-	48,138
	<u>2,169,393</u>	<u>367,608</u>	<u>2,537,001</u>
Total Current Assets			
Capital Assets			
Equipment	1,440,888	50,780	1,491,668
Less: Accumulated Depreciation	(816,683)	(50,780)	(867,463)
	<u>624,205</u>	<u>-</u>	<u>624,205</u>
Total Capital Assets, Net			
Total Assets	<u>2,793,598</u>	<u>367,608</u>	<u>3,161,206</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	460,909	55,311	516,220
	<u>460,909</u>	<u>55,311</u>	<u>516,220</u>
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>3,254,507</u>	<u>422,919</u>	<u>3,677,426</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable		45	45
Deposits Payable		133,018	133,018
Unearned Revenue	49,344		49,344
Due to Other Funds	464,765	57,114	521,879
	<u>514,109</u>	<u>190,177</u>	<u>704,286</u>
Total Current Liabilities			
Long Term Liabilities			
Net Pension Liability	2,453,340	149,638	2,602,978
	<u>2,453,340</u>	<u>149,638</u>	<u>2,602,978</u>
Total Long Term Liabilities			
Total Liabilities	<u>2,967,449</u>	<u>339,815</u>	<u>3,307,264</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	13,957	-	13,957
Deferred Amounts on Net Pension Liability	687,657	82,522	770,179
	<u>701,614</u>	<u>82,522</u>	<u>784,136</u>
Total Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	<u>3,669,063</u>	<u>422,337</u>	<u>4,091,400</u>
<b>NET POSITION</b>			
Investment in Capital Assets	624,205	-	624,205
Unrestricted	(1,038,761)	582	(1,038,179)
	<u>(414,556)</u>	<u>582</u>	<u>(413,974)</u>
Total Net Position	<u>\$ (414,556)</u>	<u>\$ 582</u>	<u>\$ (413,974)</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales- Reimbursable Programs	\$ 784,960		\$ 784,960
Daily Sales- Non-Reimbursable Programs	353,009		353,009
Special Functions	60,371		60,371
Program Fees		\$ 757,065	757,065
Miscellaneous	<u>8,529</u>	<u>-</u>	<u>8,529</u>
Total Operating Revenues	<u>1,206,869</u>	<u>757,065</u>	<u>1,963,934</u>
<b>OPERATING EXPENSES</b>			
Cost of Sales- Reimbursable Programs	1,350,402		1,350,402
Cost of Sales- Non-Reimbursable Programs	170,821		170,821
Salaries and Employee Benefits	1,750,750	888,753	2,639,503
Other Purchased Services	76,403	21,568	97,971
Supplies and Materials	141,232	11,406	152,638
Depreciation	64,741		64,741
Miscellaneous	<u>114,825</u>	<u>131,060</u>	<u>245,885</u>
Total Operating Expenses	<u>3,669,174</u>	<u>1,052,787</u>	<u>4,721,961</u>
Operating Income/(Loss)	<u>(2,462,305)</u>	<u>(295,722)</u>	<u>(2,758,027)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	37,163		37,163
Federal Sources			
National School Lunch Program	1,474,586		1,474,586
Breakfast Program	687,357		687,357
Food Distribution Program	279,890		279,890
Interest Earnings	<u>26,058</u>	<u>11,870</u>	<u>37,928</u>
Total Nonoperating Revenues	<u>2,505,054</u>	<u>11,870</u>	<u>2,516,924</u>
Change in Net Position	42,749	(283,852)	(241,103)
Net Position (Deficit), Beginning of Year (Restated)	<u>(457,305)</u>	<u>284,434</u>	<u>(172,871)</u>
Net Position (Deficit), End of Year	<u>\$ (414,556)</u>	<u>\$ 582</u>	<u>\$ (413,974)</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 1,199,544	\$ 761,265	\$ 1,960,809
Cash Payments for Registration Deposits		(4,200)	(4,200)
Cash Payments for Employees' Salaries and Benefits	(1,701,135)	(792,436)	(2,493,571)
Cash Payments to Suppliers for Goods and Services	<u>(1,558,948)</u>	<u>(554,829)</u>	<u>(2,113,777)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(2,060,539)</u>	<u>(590,200)</u>	<u>(2,650,739)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from General Fund	284,550		284,550
Cash Received from State and Federal Subsidy Reimbursements	<u>1,910,995</u>	-	<u>1,910,995</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,195,545</u>	-	<u>2,195,545</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of Capital Assets	<u>(165,115)</u>	-	<u>(165,115)</u>
Net Cash (Used by) Capital Financing Activities	<u>(165,115)</u>	-	<u>(165,115)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	<u>26,058</u>	<u>11,870</u>	<u>37,928</u>
Net Cash Provided by Investing Activities	<u>26,058</u>	<u>11,870</u>	<u>37,928</u>
Net Decrease in Cash and Cash Equivalents	(4,051)	(578,330)	(582,381)
Cash and Cash Equivalents, Beginning of Year	<u>1,617,976</u>	<u>945,938</u>	<u>2,563,914</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,613,925</u>	<u>\$ 367,608</u>	<u>\$ 1,981,533</u>
<b>Reconciliation of Operating Income/( Loss) to Net Cash Provided/ (Used) by Operating Activities</b>			
Operating Income/(Loss)	<u>\$ (2,462,305)</u>	<u>\$ (295,722)</u>	<u>\$ (2,758,027)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities			
Depreciation	64,741		64,741
Food Distribution (USDA Commodities) Nat'l School Lunch	276,501		276,501
Change in Assets, Liabilities and Deferred Inflows/Outflows of Resources			
Increase/(Decrease) in Accounts Payable	(13,775)	(34,417)	(48,192)
Increase/(Decrease) in Unearned Revenue	(6,646)		(6,646)
(Increase)/Decrease in Inventories	12,924		12,924
Increase/(Decrease) in Due to Other Funds	29,140	(260,384)	(231,244)
Increase/(Decrease) in Net Pension Liability	(269,543)	(32,346)	(301,889)
(Increase)/Decrease in Deferred Outflows of Resources-Net Pension Liability	230,813	(9,080)	221,733
Increase/(Decrease) in Deferred Inflows of Resources-Net Pension Liability	<u>77,611</u>	<u>41,749</u>	<u>119,360</u>
Total Adjustments	<u>401,766</u>	<u>(294,478)</u>	<u>107,288</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (2,060,539)</u>	<u>\$ (590,200)</u>	<u>\$ (2,650,739)</u>
<b>Non-Cash Investing, Capital and Related Financing Activities</b>			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 276,501		

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,392,146	\$ 1,369	\$ 4,893,922
Total Assets	<u>1,392,146</u>	<u>1,369</u>	<u>\$ 4,893,922</u>
<b>LIABILITIES</b>			
Due to Student Groups			\$ 267,099
Due to Other Funds			5,788
Flexible Spending (Sect. 125) Account			45,278
Payroll Deductions and Withholdings			776,318
Accrued Salaries & Wages			3,799,439
Intergovernmental Payable	\$ 84,851	-	-
Total Liabilities	<u>84,851</u>	<u>-</u>	<u>\$ 4,893,922</u>
<b>NET POSITION</b>			
Restricted For Scholarships		<u>\$ 1,369</u>	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,307,295</u>		

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
<b>ADDITIONS</b>		
Employee Contributions	\$ 139,405	
Investment Earnings		
Interest	<u>20,179</u>	<u>\$ 3</u>
Total Additions	<u>159,584</u>	<u>3</u>
<b>DEDUCTIONS</b>		
Unemployment Claims and Contrib.	<u>118,043</u>	<u>-</u>
Total Deductions	<u>118,043</u>	<u>-</u>
Change in Net Position	41,541	3
Net Position, Beginning of Year	<u>1,265,754</u>	<u>1,366</u>
Net Position, End of Year	<u>\$ 1,307,295</u>	<u>\$ 1,369</u>

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



**NOTES TO THE FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
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 enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 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. Restricted Assets***

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

***5. Capital Assets***

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
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)**

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

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

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

***7. Compensated Absences***

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

***8. 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
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. Long-Term Obligations***

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

***10. 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* – 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.

*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.



FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
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)

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 3E).

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

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

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

Purchases on Order – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
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)**

***11. 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.

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
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 (Continued)**

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

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$146,910,093) difference are as follows:

Bonds Payable	\$ (89,980,000)
Add: Issuance Premium (to be Amortized as Interest Expense)	(1,674,661)
Lease Purchase Payable	(9,218,873)
Claims and Judgments	(1,232,234)
Compensated Absences	(1,945,095)
Net Pension Liability	<u>(42,859,230)</u>
 Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	 <u>\$ (146,910,093)</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position”. The details of this \$3,625,127 difference are as follows:

Debt Issued or Incurred:	
Lease Purchase Financing	\$ (3,295,214)
Principal repayments:	
General obligation bonds	5,835,000
Lease purchase agreements	<u>1,085,341</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total	
Governmental Funds to Arrive at Changes in Net Position of	
Governmental Activities	<u>\$ 3,625,127</u>

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original general fund budget by \$991,648 and the original special revenue fund budget by \$1,819,733. The increase in the general fund was funded by the reappropriation of prior year general fund encumbrances. The increase in the Special Revenue Fund was funded by additional grant awards.

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

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

**B. Excess Expenditures Over Appropriations**

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue Fund			
Support Services -			
Personal Services – Employee Benefits	\$1,040,333	\$1,108,794	\$68,461

The above variances were offset with other available resources.

**C. Deficit Fund Equity**

The Food Service Enterprise Fund has a cumulative deficit in net position of \$414,556 as of June 30, 2019. The deficit is due to the District's accrual of the long-term liability associated with the fund's proportionate share of the District's total PERS net pension liability as required under GASB Statement No. 68. The deficit alone does not indicate that the food service operations are facing financial difficulties. The District is required to pay an annual contribution of which a portion is being paid by food service operations.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**D. Capital Reserve**

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

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

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

Balance, July 1, 2018		\$ 12,713,038
Increased by:		
Interest Earnings - Transferred from Capital Projects Fund	\$ 129,455	
Interest Earnings	88,021	
Unexpended Capital Outlay Returned	137,964	
Deposits Approved by Board Resolution	<u>3,107,552</u>	
Total Increases		<u>3,462,992</u>
		16,176,030
Decreased by:		
Withdrawals by Budget Appropriation - Capital Outlay	<u>5,328,500</u>	
Total Withdrawals		<u>5,328,500</u>
Balance, June 30, 2019		<u>\$ 10,847,530</u>
Designated for Subsequent Year's Expenditures (2019/20 Budget)	\$ 5,356,000	
Available Capital Reserve		<u>5,491,530</u>
		<u>\$ 10,847,530</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**E. Maintenance Reserve**

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

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

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

Balance, June 30, 2018	\$ 1,005,315
Increased by:	
Interest Earnings	<u>15,584</u>
Balance, June 30, 2019	<u>\$ 1,020,899</u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$7,030,355.

**F. 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 \$3,850,000. Of this amount, \$1,900,000 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$1,950,000 will be appropriated in the 2020/2021 original budget certified for taxes.

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$35,421,653 and bank and brokerage firm balances of the Board's deposits amounted to \$42,280,748. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "restricted cash with fiscal agents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	
Cash and Cash Equivalents	\$ 42,083,520
Restricted Cash with Fiscal Agent	74,228
Uninsured and Collateralized	
Restricted Cash with Fiscal Agent	<u>123,000</u>
	<u>\$ 42,280,748</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 the Board's bank balance of \$123,000 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized:

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

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



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 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.

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

**B. Receivables**

Receivables as of June 30, 2019 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 113,350	\$ 97,791			\$ 211,141
Intergovernmental					
Federal		821,792		\$ 498,405	1,320,197
State	479,417		\$ 2,308,966	8,925	2,797,308
State - Tuition	<u>5,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,048</u>
Total Receivables	<u>\$ 597,815</u>	<u>\$ 919,583</u>	<u>\$ 2,308,966</u>	<u>\$ 507,330</u>	<u>\$ 4,333,694</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:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 1,388,255
Grant Draw Downs Purchases on Orders	11,170
Capital Projects Fund	
Unrealized School Facilities Grants	<u>287,053</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 1,686,478</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**D. Capital Assets**

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

	Balance, <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2019</u>
<b>Governmental Activities:</b>	(Restated)			
Capital Assets, Not Being Depreciated:				
Land	\$ 20,311,056	-	\$ -	\$ 20,311,056
Total Capital Assets, Not Being Depreciated	<u>20,311,056</u>	<u>-</u>	<u>-</u>	<u>20,311,056</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	149,443,737	\$ 14,458,924		163,902,661
Improvements Other Than Buildings	8,156,844			8,156,844
Machinery and Equipment	<u>12,108,225</u>	<u>579,096</u>	-	<u>12,687,321</u>
Total Capital Assets Being Depreciated	<u>169,708,806</u>	<u>15,038,020</u>	<u>-</u>	<u>184,746,826</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(52,078,609)	(3,786,781)		(55,865,390)
Improvements Other Than Buildings	(4,565,809)	(393,604)		(4,959,413)
Machinery and Equipment	<u>(9,931,897)</u>	<u>(396,331)</u>	-	<u>(10,328,228)</u>
Total Accumulated Depreciation	<u>(66,576,315)</u>	<u>(4,576,716)</u>	<u>-</u>	<u>(71,153,031)</u>
Total Capital Assets, Being Depreciated, Net	<u>103,132,491</u>	<u>10,461,304</u>	<u>-</u>	<u>113,593,795</u>
Governmental Activities Capital Assets, Net	<u>\$ 123,443,547</u>	<u>\$ 10,461,304</u>	<u>\$ -</u>	<u>\$ 133,904,851</u>
	Balance, <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2019</u>
	(Restated)			
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 1,326,553	\$ 165,115	-	\$ 1,491,668
Total Capital Assets Being Depreciated	<u>1,326,553</u>	<u>165,115</u>	<u>-</u>	<u>1,491,668</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(802,722)</u>	<u>(64,741)</u>	-	<u>(867,463)</u>
Total Accumulated Depreciation	<u>(802,722)</u>	<u>(64,741)</u>	<u>-</u>	<u>(867,463)</u>
Total Capital Assets, Being Depreciated, Net	<u>523,831</u>	<u>100,374</u>	<u>-</u>	<u>624,205</u>
Business-Type Activities Capital Assets, Net	<u>\$ 523,831</u>	<u>\$ 100,374</u>	<u>\$ -</u>	<u>\$ 624,205</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 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	\$ 119,607
Total Instruction	<u>119,607</u>
Support Services	
Student and Instruction Related Services	64,306
School Sponsored Activities and Athletics	31,979
General Administrative Services	727
Plant Operations and Maintenance	4,207,752
Pupil Transportation	59,675
Business/Central & Other Support Services	92,670
Total Support Services	<u>4,457,109</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,576,716</u>

**Business-Type Activities:**

Food Service Fund	\$ 64,741
Total Depreciation Expense-Business-Type Activities	<u>\$ 64,741</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>
<b>Capital Projects Fund</b>		
Elizabeth Avenue School Revoations	\$ 12,945,655	\$ 281,076
Claremont School construction	36,856,145	1,052,548
Hillcrest, MacAfee & Conerly Windows Project	681,100	717,900
FHS Concession Stand	1,013,778	132,799
Athletic Field at FMS at Hamilton	1,111,984	86,675
<b>General Fund</b>		
Exterior Renovations at Consolata	20,090	<u>850,255</u>
Total Construction Commitments		<u>\$ 3,121,253</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments (Continued)**

The District has other significant commitments at June 30, 2019 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
<b>General Fund</b>	
Architectural Work for Renovations at Consolata	\$ 169,118
Disputed Insurance Premium Costs	592,123
Acquisition of Bus	<u>132,672</u>
	<u>\$ 893,913</u>

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

General Fund	\$2,426,633
Capital Projects Fund	<u>2,376,247</u>
Total	<u>\$4,802,880</u>

**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	C.A.R.E. Enterprise Fund	\$ 57,114
General Fund	Capital Projects Fund	129,455
General Fund	Food Service Enterprise Fund	464,765
General Fund	Payroll Agency Fund	<u>5,788</u>
Total		<u>\$ 657,122</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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**E. Interfund Receivables, Payables, and Transfers (Continued)**

**Interfund transfers**

	Transfer In:		
	<u>Special Revenue Fund</u>	<u>General Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 253,000		\$ 253,000
Capital Projects Fund	-	\$ 129,455	129,455
	<u>\$ 253,000</u>	<u>\$ 129,455</u>	<u>\$ 382,455</u>

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

**F. Leases**

**Lease Purchase Agreements**

The District is leasing various energy initiative program projects and computers totaling \$10,829,214 under lease purchase agreements. The leases are for terms of 3 to 20 years.

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

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

The unexpended proceeds from capital leases in the amount of \$74,228 at June 30, 2019 are held with the Fiscal Agent.

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 1,289,006
2021	1,300,630
2022	1,312,719
2023	476,557
2024	487,547
2025-2029	2,593,215
2030-2034	2,926,703
2035	632,571
Total minimum lease payments	11,018,948
Less: amount representing interest	(1,800,075)
Present value of minimum lease payments	<u>\$ 9,218,873</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets 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 are comprised of the following issues:

\$24,970,000, 2009 Refunding Bonds, due in annual installments of \$45,000 to \$2,340,000 through August 15, 2023, interest at 4.00% to 5.00%	\$ 9,395,000
\$81,480,000, 2015 School Bonds, due in annual installments of \$3,685,000 to \$5,000,000 through February 1, 2035, interest at 3.00 to 4.00%	71,885,000
\$8,700,000, 2016 Refunding Bonds, due in annual installments of \$2,140,000 to \$2,220,000 through August 15, 2026, interest at 3.00 to 4.00%	<u>8,700,000</u>
	<u>\$ 89,980,000</u>

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 6,020,000	\$ 2,930,425	\$ 8,950,425
2021	6,115,000	2,703,000	8,818,000
2022	6,220,000	2,472,750	8,692,750
2023	6,320,000	2,244,475	8,564,475
2024	6,310,000	2,038,250	8,348,250
2025-2029	29,055,000	7,280,900	36,335,900
2030-2034	24,940,000	3,335,700	28,275,700
2035	<u>5,000,000</u>	<u>200,000</u>	<u>5,200,000</u>
Total	<u>\$ 89,980,000</u>	<u>\$ 23,205,500</u>	<u>\$ 113,185,500</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

**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:

4% of Equalized Valuation Basis (Municipal)	\$ 398,026,233
Less: Net Debt (Including Authorized But Not Issued)	<u>89,980,257</u>
Remaining Borrowing Power	<u>\$ 308,045,976</u>

**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:

	Balance, <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2019</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 95,815,000		\$ (5,835,000)	\$ 89,980,000	\$ 6,020,000
Add:					
Unamortized Premium	<u>2,018,243</u>	-	<u>(343,582)</u>	<u>1,674,661</u>	-
Bonds Payable, Gross	97,833,243		(6,178,582)	91,654,661	6,020,000
Lease Purchase Payable	7,009,000	\$ 3,295,214	(1,085,341)	9,218,873	1,062,005
Claims and Judgments	639,018	593,216		1,232,234	
Compensated Absences	2,056,849		(111,754)	1,945,095	100,000
Net Pension Liability	<u>48,854,803</u>	-	<u>(5,995,573)</u>	<u>42,859,230</u>	-
Governmental Activities Long-Term Liabilities	<u>\$ 156,392,913</u>	<u>\$ 3,888,430</u>	<u>\$ (13,371,250)</u>	<u>\$ 146,910,093</u>	<u>\$ 7,182,005</u>
<b>Business-Type Activities:</b>					
Net Pension Liability	<u>\$ 2,904,867</u>	-	<u>\$ (301,889)</u>	<u>\$ 2,602,978</u>	-
Business-Type Activities Long-Term Liabilities	<u>\$ 2,904,867</u>	-	<u>\$ (301,889)</u>	<u>\$ 2,602,978</u>	-

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

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

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

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2019, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$1,560,877 reported at June 30, 2019 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2019 and 2018 are as follows:

<b>Governmental Activities:</b>	<u>Fiscal Year Ended</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Unpaid Claims, Beginning of Year	\$ 967,661	\$ 849,637
Incurred Claims	1,597,739	676,344
Claim Payments	<u>(1,004,523)</u>	<u>(558,320)</u>
Unpaid Claims, End of Year	<u>\$ 1,560,877</u>	<u>\$ 967,661</u>
General Fund		
Other Current Liabilities	\$ 328,643	\$ 328,643
Governmental Activities		
Noncurrent Liabilities	<u>1,232,234</u>	<u>639,018</u>
	<u>\$ 1,560,877</u>	<u>\$ 967,661</u>

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



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 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.

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

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

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

Fiscal Year Ended <u>June 30,</u>	Contributions/ <u>Interest Earnings</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2019	\$ 159,584	\$ 118,043	\$ 1,307,295
2018	137,765	129,173	1,265,754
2017	128,899	118,714	1,257,162

**B. Contingent Liabilities**

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

**Pending Litigation** – The District is currently involved in litigation regarding unpaid health benefit claims with the District's former health benefits provider. The litigation contests amounts owed by the District for unpaid insurance premium costs. As of June 30, 2019 the District has encumbered \$592,123 of funds for this purpose.

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 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](http://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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 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](http://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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 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](http://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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 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](http://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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 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	\$ 2,296,666	\$ 10,584,508	\$ 19,023
2018	2,059,841	8,047,329	20,023
2017	1,936,287	5,815,963	18,529

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$10,141, \$28,678 and \$10,453, respectively for PERS and the State contributed \$13,525, \$15,707 and \$16,856, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,037,618 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**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 \$45,462,208 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 .23090 percent, which was an increase of .00855 percent from its proportionate share measured as of June 30, 2017 of .22235 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,849,414 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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 866,971	\$ 234,418
Changes of Assumptions	7,491,419	14,536,397
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,410,067	426,437
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>-</u>	<u>868,831</u>
Total	<u>\$ 10,768,457</u>	<u>\$ 16,066,083</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:

<b><u>Year Ending June 30,</u></b>	<b><u>Total</u></b>
2020	\$ 686,743
2021	(204,267)
2022	(2,669,801)
2023	(2,131,343)
2024	(978,958)
Thereafter	<u>-</u>
	<u>\$ (5,297,626)</u>



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

The 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

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 Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. 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 \$19,786,144 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 \$339,405,337. 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 .53351 percent, which was an increase of .01645 percent from its proportionate share measured as of June 30, 2017 of .51706 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

**Actuarial Assumptions**

The total pension liability for the June 30, 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><b>TPAF</b></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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

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%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
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:

	<b>1% Decrease (3.86%)</b>	<b>Current Discount Rate (4.86%)</b>	<b>1% Increase (5.86%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 401,170,663</u>	<u>\$ 339,405,337</u>	<u>\$ 288,203,387</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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 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](http://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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 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 an 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 \$4,801,116, \$5,197,599 and \$4,846,021, 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$11,777,333. 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 \$221,658,545. 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 0.48 percent, which was no change from its proportionate share measured as of June 30, 2017 of 0.48 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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**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	\$ 255,146,733
Changes Recognized for the Fiscal Year:	
Service Cost	10,648,611
Interest on the Total OPEB Liability	9,413,944
Differences Between Expected and Actual Experiences	(22,392,077)
Changes of Assumptions	(25,436,444)
Gross Benefit Payments	(5,927,077)
Contributions from the Member	204,855
<b>Net Changes</b>	<u>\$ (33,488,188)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 221,658,545</u>

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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Sensitivity of OPEB Liability**

*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:

	<b>1% Decrease <u>(2.87%)</u></b>	<b>Current Discount Rate <u>(3.87%)</u></b>	<b>1% Increase <u>(4.87%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 262,045,522	\$ 221,658,545	\$ 189,555,069

*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:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 183,213,697	\$ 221,658,545	\$ 272,503,328

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 6 RESTATEMENT**

The District conducted an update and appraisal of its capital assets inventory during the 2018/19 fiscal year. The District has restated its July 1, 2018 capital asset values as well as the accumulated depreciation amounts to reflect the amounts reported in the updated capital asset report. The net effect of this restatement was a decrease to governmental activities net position of \$23,804,998 and a decrease to business-type activities (Food Service Enterprise Fund) net position of \$282,150.

**BUDGETARY COMPARISON SCHEDULES**

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Local Property Tax Levy	\$ 137,531,420		\$ 137,531,420	\$ 137,531,420	
Interest				490,326	\$ 490,326
Interest- Capital Reserve	1,500		1,500	88,021	86,521
Interest- Maintenance Reserve	500		500	15,584	15,084
Tuition - Other LEAs Within the State				80,407	80,407
Tuition - Other Sources	100,000		100,000	5,048	(94,952)
Rentals				19,365	19,365
Miscellaneous	1,394,329	-	1,394,329	1,936,577	542,248
<b>Total - Local Sources</b>	<b>139,027,749</b>	<b>-</b>	<b>139,027,749</b>	<b>140,166,748</b>	<b>1,138,999</b>
<b>State Sources</b>					
Special Education Aid	5,044,696		5,044,696	5,044,696	-
Equalization Aid	5,706,043		5,706,043	5,706,043	-
Security Aid	1,581,446		1,581,446	1,581,446	-
Transportation Aid	1,634,154		1,634,154	1,634,154	-
Extraordinary Aid	1,400,000		1,400,000	1,696,514	296,514
Additional Nonpublic Transportation Aid				277,091	277,091
On-Behalf TPAF Pension System Contr. (Non-budgeted) Normal Cost & Accrued Liab.				10,367,489	10,367,489
On-Behalf TPAF Pension System Contr. (Non-budgeted) Non-Contributory Insurance				217,019	217,019
On-Behalf TPAF Pension System Contr. (Non-budgeted) Long Term Disability Insurance				13,525	13,525
On-Behalf TPAF Pension System Contr. (Non-budgeted) Post-Retirement Medical Contributions				4,801,116	4,801,116
Reimbursed TPAF Soc. Sec. Contr. (Non-budgeted)	-	-	-	4,037,618	4,037,618
<b>Total - State Sources</b>	<b>15,366,339</b>	<b>-</b>	<b>15,366,339</b>	<b>35,376,711</b>	<b>20,010,372</b>
<b>Federal Sources</b>					
Medicaid Reimbursement	224,217	-	224,217	256,676	32,459
Medicaid- MAC	-	-	-	30,254	30,254
<b>Total-Federal Sources</b>	<b>224,217</b>	<b>-</b>	<b>224,217</b>	<b>286,930</b>	<b>62,713</b>
<b>Total Revenues</b>	<b>154,618,305</b>	<b>-</b>	<b>154,618,305</b>	<b>175,830,389</b>	<b>21,212,084</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Kindergarten	1,516,315	\$ 40,180	1,556,495	1,549,855	6,640
Grades 1-5	11,181,366	(24,343)	11,157,023	11,156,088	935
Grades 6-8	7,272,461	679,738	7,952,199	7,935,710	16,489
Grades 9-12	9,431,227	794,416	10,225,643	10,225,577	66
<b>Home Instruction</b>					
Salaries of Teachers		64,147	64,147	64,147	-
Purchased Professional - Educational Services	35,000	(13,500)	21,500	11,276	10,224
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	22,000	(22,000)			-
Purchased Professional - Educational Services	1,739,427	48,309	1,787,736	1,766,172	21,564
Purchased Technical Services	224,894	(107,676)	117,218	113,557	3,661
Other Purchased Services	2,355,786	(1,206,158)	1,149,628	1,080,731	68,897
General Supplies	1,128,850	(55,401)	1,073,449	924,267	149,182
General Supplies- Acquired Under Lease Purchase (Non-Budgeted)				3,295,214	(3,295,214)
Textbooks	181,696	39,417	221,113	213,408	7,705
Other Objects	12,665	138	12,803	10,697	2,106
<b>Total Regular Programs</b>	<b>35,101,687</b>	<b>237,267</b>	<b>35,338,954</b>	<b>38,346,699</b>	<b>(3,007,745)</b>
<b>Special Education</b>					
<b>Cognitive-Moderate</b>					
Salaries of Teachers	5,609	106	5,715	5,715	-
Other Salaries of Instruction	47,176	(2,245)	44,931	44,931	-
Purchased Prof-Ed. Services	10,000	(10,000)			-
Other Purchased Services	115,000	(114,620)	380		380
General Supplies	4,000	(680)	3,320	2,678	642
Other Objects	-	680	680	680	-
<b>Total Cognitive-Moderate</b>	<b>181,785</b>	<b>(126,759)</b>	<b>55,026</b>	<b>54,004</b>	<b>1,022</b>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 1,948,307	\$ (267,542)	\$ 1,680,765	\$ 1,670,428	\$ 10,337
Other Salaries for Instruction	570,031	138,192	708,223	708,223	-
Purchased Professional - Educational Services	50,000	(50,000)	-	-	-
General Supplies	26,400	7,802	34,202	33,943	259
Other Objects	-	100	100	62	38
<b>Total Learning and/or Language Disabilities</b>	<b>2,594,738</b>	<b>(171,448)</b>	<b>2,423,290</b>	<b>2,412,656</b>	<b>10,634</b>
Behavioral Disabilities					
Salaries of Teachers	-	55,524	55,524	55,524	-
Other Salaries for Instruction	-	40,014	40,014	40,014	-
<b>Total Behavioral Disabilities</b>	<b>-</b>	<b>95,538</b>	<b>95,538</b>	<b>95,538</b>	<b>-</b>
Resource Room/Resource Center					
Salaries of Teachers	5,352,480	(440,171)	4,912,309	4,905,394	6,915
Other Salaries for Instruction	683,809	(35,930)	647,879	647,280	599
Purchased Professional - Educational Services	215,000	(215,000)	-	-	-
General Supplies	32,400	(6,170)	26,230	26,168	62
<b>Total Resource Room/Resource Center</b>	<b>6,283,689</b>	<b>(697,271)</b>	<b>5,586,418</b>	<b>5,578,842</b>	<b>7,576</b>
Autism					
Salaries of Teachers	555,604	(77,391)	478,213	478,213	-
Other Salaries for Instruction	540,448	22,235	562,683	562,479	204
Purchased Professional - Educational Services	30,000	(30,000)	-	-	-
Other Purchased Services	-	-	-	-	-
General Supplies	26,000	30,905	56,905	53,285	3,620
<b>Total Autism</b>	<b>1,152,052</b>	<b>(54,251)</b>	<b>1,097,801</b>	<b>1,093,977</b>	<b>3,824</b>
Preschool Disabilities - Full-Time					
Salaries of Teachers	707,988	(54,863)	653,125	653,125	-
Other Salaries for Instruction	206,804	219,605	426,409	425,051	1,358
Purchased Professional - Educational Services	5,000	(5,000)	-	-	-
General Supplies	15,000	(7,489)	7,511	7,087	424
<b>Total Preschool Disabilities - Full-Time</b>	<b>934,792</b>	<b>152,253</b>	<b>1,087,045</b>	<b>1,085,263</b>	<b>1,782</b>
Home Instruction					
Salaries of Teachers	-	42,980	42,980	42,980	-
Purchased Professional-Educational Services	65,000	8,363	73,363	32,563	40,800
<b>Total Home Instruction</b>	<b>65,000</b>	<b>51,343</b>	<b>116,343</b>	<b>75,543</b>	<b>40,800</b>
<b>Total Special Education</b>	<b>11,212,056</b>	<b>(750,595)</b>	<b>10,461,461</b>	<b>10,395,823</b>	<b>65,638</b>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,505,070	100,910	1,605,980	1,596,472	9,508
Purchased Professional-Educational Services	5,000	(5,000)	-	-	-
General Supplies	5,600	720	6,320	6,110	210
Other Objects	720	(720)	-	-	-
<b>Total Basic Skills/Remedial - Instruction</b>	<b>1,516,390</b>	<b>95,910</b>	<b>1,612,300</b>	<b>1,602,582</b>	<b>9,718</b>
Bilingual Education - Instruction					
Salaries of Teachers	2,162,850	475,754	2,638,604	2,637,964	640
Other Salaries for Instruction	34,085	155	34,240	34,240	-
Purchased Professional - Educational Services	10,000	(10,000)	-	-	-
General Supplies	103,602	(56,939)	46,663	46,396	267
Textbooks	3,833	945	4,778	4,778	-
<b>Total Bilingual Education - Instruction</b>	<b>2,314,370</b>	<b>409,915</b>	<b>2,724,285</b>	<b>2,723,378</b>	<b>907</b>
School Sponsored Co/Extra Curricular Activities					
Salaries	337,089	(33,824)	303,265	284,173	19,092
Purchased Services	12,178	(1,382)	10,796	10,568	228
Supplies and Materials	16,943	12,321	29,264	25,625	3,639
Other Objects	56,700	912	57,612	47,759	9,853
<b>Total School Sponsored Co/Extra Curricular Activities</b>	<b>422,910</b>	<b>(21,973)</b>	<b>400,937</b>	<b>368,125</b>	<b>32,812</b>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
School Sponsored Athletics					
Salaries	\$ 784,206	\$ 17,523	\$ 801,729	\$ 801,729	-
Purchased Services	43,084	(2,261)	40,823	40,823	-
Supplies and Materials	88,164	11,227	99,391	99,391	-
Other Objects	140,885	(26,522)	114,363	114,363	-
<b>Total School Sponsored Athletics</b>	<b>1,056,339</b>	<b>(33)</b>	<b>1,056,306</b>	<b>1,056,306</b>	<b>-</b>
Alternative Education Programs- Instruction					
Salaries of Teachers	225,000	156,241	381,241	381,241	-
Other Salaries for Instruction		15,906	15,906	15,906	-
Purchased Professional and Technical Services	4,650	-	4,650	3,500	\$ 1,150
General Supplies	2,500	(460)	2,040	2,009	31
Textbooks					
Other Objects	-	-	-	-	-
<b>Total Alternative Education Programs- Instruction</b>	<b>232,150</b>	<b>171,687</b>	<b>403,837</b>	<b>402,656</b>	<b>1,181</b>
Alternative Education Programs- Support Services					
Salaries	79,829	(3,889)	75,940	75,940	-
Purchased Professional and Technical Services	200	-	200	-	200
Supplies and Materials	1,000	-	1,000	1,000	-
<b>Total Alternative Education Programs- Support Services</b>	<b>81,029</b>	<b>(3,889)</b>	<b>77,140</b>	<b>76,940</b>	<b>200</b>
<b>Total - Instruction</b>	<b>51,936,931</b>	<b>138,289</b>	<b>52,075,220</b>	<b>54,972,509</b>	<b>(2,897,289)</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular	420,305	(77,499)	342,806	233,945	108,861
Tuition to Other LEAs Within State-Special	3,423,165	(287,069)	3,136,096	3,095,895	40,201
Tuition to County Vocational School Districts-Reg.	242,575	(1,637)	240,938	191,092	49,846
Tuition to County Vocational School Districts-Spec.	104,431	(22,000)	82,431	70,300	12,131
Tuition to County Spec. Svcs. Districts & Reg. Day	201,146	(18,853)	182,293	182,293	-
Tuition to Private Schools for the Disabled W/in State	5,661,977	24,500	5,686,477	5,562,805	123,672
Tuition to Private Schools Disabled and Other LEA's, Spl, O/S	233,639	(61,000)	172,639	166,528	6,111
Tuition - State Facilities	58,800	-	58,800	58,800	-
Tuition-Other	622,750	(87,000)	535,750	517,692	18,058
<b>Total Undistributed Expenditures - Instruction</b>	<b>10,968,788</b>	<b>(530,558)</b>	<b>10,438,230</b>	<b>10,079,350</b>	<b>358,880</b>
Attendance and Social Work Services					
Salaries	66,880	23,296	90,176	90,176	-
<b>Total Attendance and Social Work Services</b>	<b>66,880</b>	<b>23,296</b>	<b>90,176</b>	<b>90,176</b>	<b>-</b>
Health Services					
Salaries	1,393,676	(30,194)	1,363,482	1,363,026	456
Purchased Professional and Technical Svcs.	42,035	52,688	94,723	87,661	7,062
Other Purchased Services	1,080	1,000	2,080	1,080	1,000
Supplies and Materials	36,345	(3,149)	33,196	32,273	923
<b>Total Health Services</b>	<b>1,473,136</b>	<b>20,345</b>	<b>1,493,481</b>	<b>1,484,040</b>	<b>9,441</b>
Speech, OT, PT & Related Services					
Salaries	1,239,713	(22,594)	1,217,119	1,217,119	-
Purchased Professional- Educational Services	1,484,473	169,791	1,654,264	1,553,388	100,876
Supplies and Materials	10,500	4,138	14,638	14,239	399
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>2,734,686</b>	<b>151,335</b>	<b>2,886,021</b>	<b>2,784,746</b>	<b>101,275</b>
Other Support Services- Students Extra Service					
Salaries	1,209,281	(353,718)	855,563	855,510	53
Purchased Professional Ed. Services	1,061,000	173,470	1,234,470	1,145,927	88,543
<b>Total Other Support Services- Students Extra Service</b>	<b>2,270,281</b>	<b>(180,248)</b>	<b>2,090,033</b>	<b>2,001,437</b>	<b>88,596</b>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Guidance					
Salaries of Other Professional Staff	\$ 1,929,922	\$ 98,546	\$ 2,028,468	\$ 2,024,078	\$ 4,390
Salaries of Secretarial and Clerical Assistants	313,809	10,121	323,930	323,930	-
Purchased Professional and Ed. Svcs.	303,360	7,992	311,352	304,830	6,522
Other Purch. Prof & Tech Svc.		10,000	10,000	3,688	6,312
Other Purchased Services	4,957	695	5,652	4,250	1,402
Supplies and Materials	40,875	(3,423)	37,452	28,799	8,653
Other Objects	33,830	(1,800)	32,030	27,657	4,373
Total Guidance	<u>2,626,753</u>	<u>122,131</u>	<u>2,748,884</u>	<u>2,717,232</u>	<u>31,652</u>
Child Study Teams					
Salaries of Other Professional Staff	2,817,174	(201,677)	2,615,497	2,614,467	1,030
Salaries of Secretarial and Clerical Assistants	287,764	(4,294)	283,470	283,470	-
Other Salaries	2,000	12,500	14,500	14,500	-
Purchased Professional-Educational Services	75,000	17,017	92,017	59,570	32,447
Other Purchased Professional & Technical Svcs.	24,000	(375)	23,625	23,625	-
Other Purchased Services	13,736	(500)	13,236	8,023	5,213
Residential Costs		19,666	19,666	19,666	-
Supplies and Materials	21,400	9,833	31,233	31,177	56
Other Objects	400	895	1,295	1,287	8
Total Child Study Teams	<u>3,241,474</u>	<u>(146,935)</u>	<u>3,094,539</u>	<u>3,055,785</u>	<u>38,754</u>
Impvt. of Instruction Services-Other Support Services					
Salaries of Supervisors of Instruction	1,057,270	249,994	1,307,264	1,307,264	-
Salaries of Other Professional Staff		164,241	164,241	163,561	680
Salaries of Sec. and Clerical Assist.	382,072	(112,165)	269,907	269,907	-
Other Salaries	72,459	(29,384)	43,075	43,075	-
Salaries of Facilitators, Math & Literacy Coaches	1,733,406	299,921	2,033,327	2,032,945	382
Unused Vacation Payment to Terminated/Retired Staff		26,027	26,027	26,027	-
Purchased Professional-Educational Services	20,000	263	20,263	20,263	-
Other Purchased Services	32,338	(16,729)	15,609	11,765	3,844
Supplies and Materials	9,910	(1,913)	7,997	5,732	2,265
Other Objects	16,193	7,732	23,925	22,289	1,636
Total Impvt. of Instruction Svcs./Other Support Svcs.- Instructional Staff	<u>3,323,648</u>	<u>587,987</u>	<u>3,911,635</u>	<u>3,902,828</u>	<u>8,807</u>
Educational Media Services/School Library					
Salaries	667,421	(147,963)	519,458	518,771	687
Purchased Professional & Technical Svcs.	5,000	10,634	15,634	15,634	-
Supplies and Materials	114,303	155,231	269,534	263,037	6,497
Total Educational Media Services/School Library	<u>786,724</u>	<u>17,902</u>	<u>804,626</u>	<u>797,442</u>	<u>7,184</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff		20,860	20,860	20,860	-
Unused Vacation Payment to Terminated/Retired Staff	3,000	(3,000)			-
Purchased Professional - Educational Services	159,925	(26,201)	133,724	116,182	17,542
Purchased Professional & Technical Svcs.		754	754	602	152
Other Purchased Services	81,550	(14,165)	67,385	39,326	28,059
Supplies and Materials	42,600	(2,258)	40,342	27,852	12,490
Total Instructional Staff Training Services	<u>287,075</u>	<u>(24,010)</u>	<u>263,065</u>	<u>204,822</u>	<u>58,243</u>
Support Svcs. General Administration					
Salaries	660,509	1,824	662,333	662,333	-
Legal Services	299,750	123,315	423,065	300,739	122,326
Audit Fees	70,000	13,800	83,800	66,671	17,129
Architectural/Engineering Services	45,000	49,454	94,454	50,710	43,744
Other Purchased Professional Svcs.	71,250	2,200	73,450	49,587	23,863
Purchased Technical Services	159,618	11,522	171,140	146,397	24,743
Communications/Telephone	469,935	76,198	546,133	546,133	-
BOE Other Purchased Services	6,353	-	6,353	6,280	73
Misc. Purchased Services	521,714	3,483	525,197	469,461	55,736
General Supplies	15,900	(1,455)	14,445	400	14,045
BOE In House Training/ Meeting Supplies	5,925	-	5,925	3,310	2,615
Judgments Against the School District	89,000	(16,075)	72,925	12,541	60,384
Miscellaneous Expenditures	3,845	18,445	22,290	17,420	4,870
BOE Membership Dues and Fees	34,110	335	34,445	32,458	1,987
Total Support Services General Administration	<u>2,452,909</u>	<u>283,046</u>	<u>2,735,955</u>	<u>2,364,440</u>	<u>371,515</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL 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 Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 3,239,536	\$ (343,639)	\$ 2,895,897	\$ 2,895,897	\$ -
Salaries of Other Professional Staff	766,636	92,979	859,615	859,615	-
Salaries of Secretarial and Clerical Assistants	1,794,038	(58,644)	1,735,394	1,729,343	\$ 6,051
Other Salaries	30,000	(12,519)	17,481	17,401	80
Unused Vacation Payment to Terminated/Retired Staff	11,946	(11,179)	767	767	-
Purchased Professional and Technical Services	49,620	(39,754)	9,866	5,601	4,265
Other Purchased Services		35,454	35,454	28,276	7,178
Supplies and Materials	84,522	29,081	113,603	101,119	12,484
Other Objects	290	18,976	19,266	19,136	130
<b>Total Support Services School Adm.</b>	<u>5,976,588</u>	<u>(289,245)</u>	<u>5,687,343</u>	<u>5,657,155</u>	<u>30,188</u>
Central Services					
Salaries	1,407,226	(19,288)	1,387,938	1,386,569	1,369
Unused Vacation Payments to Terminated/Retired Staff		34,520	34,520	34,519	1
Purchased Professional Services	3,000	-	3,000	3,000	-
Purchased Technical Services	197,400	47,000	244,400	211,111	33,289
Miscellaneous Purchased Services	55,407	(15,250)	40,157	19,896	20,261
Supplies and Materials	33,916	(6,907)	27,009	18,365	8,644
Miscellaneous Expenditures	16,790	500	17,290	15,132	2,158
<b>Total Central Services</b>	<u>1,713,739</u>	<u>40,575</u>	<u>1,754,314</u>	<u>1,688,592</u>	<u>65,722</u>
Admin. Info. Technology					
Salaries	817,058	6,451	823,509	823,509	-
Unused Vacation Payments to Terminated/Retired Staff		20,800	20,800	20,785	15
Purchased Technical Services	61,692	57,316	119,008	117,998	1,010
Other Purchased Services	65,331	(7,310)	58,021	42,297	15,724
Supplies and Materials	12,975	59,027	72,002	69,248	2,754
<b>Total Admin. Info. Technology</b>	<u>957,056</u>	<u>136,284</u>	<u>1,093,340</u>	<u>1,073,837</u>	<u>19,503</u>
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	784,290	70,582	854,872	791,404	63,468
General Supplies	258,398	(11,321)	247,077	210,910	36,167
Other Objects	24,010	-	24,010	15,363	8,647
<b>Total Required Maintenance for School Facilities</b>	<u>1,066,698</u>	<u>59,261</u>	<u>1,125,959</u>	<u>1,017,677</u>	<u>108,282</u>
Custodial Services					
Salaries	4,766,355	(10,692)	4,755,663	4,754,371	1,292
Salaries of Non-Instructional Aides	508,109	(171,864)	336,245	336,245	-
Unused Vacation Payment to Terminated/Retired Staff	14,392	13,908	28,300	28,295	5
Purchased Professional and Technical Services		14,392	14,392	14,014	378
Cleaning, Repair and Maintenance Services	294,550	(5,054)	289,496	218,959	70,537
Other Purchased Property Services	226,948	51,402	278,350	278,350	-
Insurance	514,039	-	514,039	472,301	41,738
Miscellaneous Purchased Services	3,000	-	3,000		3,000
General Supplies	185,651	92,821	278,472	274,480	3,992
Energy (Natural Gas)	748,562	(99,020)	649,542	514,137	135,405
Energy (Electricity)	1,716,523	(212,916)	1,503,607	1,425,910	77,697
Energy (Oil)	6,000	-	6,000	3,988	2,012
Energy (Gasoline)	25,000	-	25,000	11,217	13,783
Other Objects	1,500	-	1,500	760	740
Interest- Energy Savings Impr Prog Bonds	189,200	-	189,200	189,200	-
Principal- Energy Savings Impr Prog Bonds	243,000	-	243,000	243,000	-
<b>Total Custodial Services</b>	<u>9,442,829</u>	<u>(327,023)</u>	<u>9,115,806</u>	<u>8,765,227</u>	<u>350,579</u>
Care & Upkeep of Grounds					
Salaries	628,349	(64,054)	564,295	564,295	-
Cleaning, Repair and Maintenance Services	149,490	95,600	245,090	177,789	67,301
General Supplies	75,083	5,000	80,083	69,151	10,932
<b>Total Care &amp; Upkeep of Grounds</b>	<u>852,922</u>	<u>36,546</u>	<u>889,468</u>	<u>811,235</u>	<u>78,233</u>
Security					
Salaries	2,116,983	(131,637)	1,985,346	1,978,372	6,974
Purchased Professional and Technical Services	543,243	437,192	980,435	975,242	5,193
Cleaning, Repair and Maintenance Services	64,968	(11,955)	53,013	51,246	1,767
General Supplies	91,270	(19,093)	72,177	71,603	574
<b>Total Security</b>	<u>2,816,464</u>	<u>274,507</u>	<u>3,090,971</u>	<u>3,076,463</u>	<u>14,508</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 102,802	\$ 1,358	\$ 104,160	\$ 104,160	-
Salaries for Pupil Transportation (Between Home and School) - Regular	182,191	2,687	184,878	184,878	-
Salaries for Pupil Transportation (Between Home and School) - Special Educ.	334,035	19,770	353,805	353,805	-
Management Fee- ESC & CTSA Trans. Program	200,999	34,793	235,792	154,841	\$ 80,951
Other Purchased Prof. and Technical Serv.	673,065	(55,002)	618,063	424,543	193,520
Cleaning Repair and Maintenance Svcs.	216,134	-	216,134	158,704	57,430
Contracted Services (Between Home and School) - Vendors	4,437,467	157,037	4,594,504	4,587,262	7,242
Contracted Services (Other Than Between Home and School) - Vendors	628,417	(63,483)	564,934	468,770	96,164
Contracted (Between Home & School) Joint Agr.	28,000	(3,000)	25,000	24,000	1,000
Contracted Services (Special Ed. Students) Vendors	1,366,739	1,162,080	2,528,819	2,481,128	47,691
Contracted Services (Special Ed. Students) Joint Agr.	29,950	(16,450)	13,500	5,972	7,528
Contracted Services (Reg. Students)-ESCs & CTSA	834,504	(127,307)	707,197	647,643	59,554
Contracted Services (Spl. Ed. Students)-ESCs & CTSA	3,816,752	(897,696)	2,919,056	2,694,623	224,433
Contracted Service- Aid in Lieu Payments-Nonpub	489,000	101,600	590,600	586,451	4,149
Contracted Service- Aid in Lieu Payments-Charter	42,000	-	42,000	38,972	3,028
Travel		1,166	1,166	1,065	101
Misc. Purchased Svcs. - Transportation	1,664	(1,664)			-
General Supplies	9,313	(6,500)	2,813	550	2,263
Other Objects	1,800	(502)	1,298	1,100	198
<b>Total Student Transportation Svcs.</b>	<b>13,394,832</b>	<b>308,887</b>	<b>13,703,719</b>	<b>12,918,467</b>	<b>785,252</b>
Unallocated Benefits- Employee Benefits					
Group Insurance	1,200	900	2,100	2,073	27
Social Security Contribution	1,794,785	-	1,794,785	1,672,811	121,974
Other Retirement Contributions-Regular (DCRP)	34,000	-	34,000	19,023	14,977
Other Retirement Contributions- PERS	2,423,024	(175,227)	2,247,797	2,196,709	51,088
Unemployment Compensation	2,000	-	2,000		2,000
Workmen's Compensation	821,430	183,093	1,004,523	1,004,523	-
Health Benefits	19,002,665	(572,293)	18,430,372	17,403,673	1,026,699
Tuition Reimbursement	110,000	-	110,000	81,105	28,895
Other Employee Benefits	254,497	(180,753)	73,744	70,440	3,304
Unused Sick Payment to Terminated/Retired Staff	-	191,907	191,907	180,050	11,857
<b>Total Unallocated Benefits- Employee Benefits</b>	<b>24,443,601</b>	<b>(552,373)</b>	<b>23,891,228</b>	<b>22,630,407</b>	<b>1,260,821</b>
On-behalf TPAF Pension System Contri. (Non-Budgeted)					
Normal Cost and Accrued Liability				10,367,489	(10,367,489)
On-behalf TPAF Pension System Contri. (Non-Budgeted)					
Non-Contributory Insurance				217,019	(217,019)
On-behalf TPAF Pension System Contri. (Non-Budgeted)					
Long Term Disability Insurance				13,525	(13,525)
On-behalf TPAF Pension System Contri. (Non-Budgeted)					
Post-Retirement Medical Contributions				4,801,116	(4,801,116)
On-behalf Reimbursed TPAF Social Security (Non-budgeted)	-	-	-	4,037,618	(4,037,618)
<b>Total On-Behalf TPAF Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,436,767</b>	<b>(19,436,767)</b>
<b>Total Undistributed Expenditures</b>	<b>90,897,083</b>	<b>11,710</b>	<b>90,908,793</b>	<b>106,558,125</b>	<b>(15,649,332)</b>
Interest Earned on Maintenance Reserve	500	-	500	-	-
<b>Total Current Expenditures</b>	<b>142,834,514</b>	<b>149,999</b>	<b>142,984,513</b>	<b>161,530,634</b>	<b>(18,546,621)</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5		4,200	4,200		4,200
Grades 6-8		4,899	4,899	4,899	
Grades 9-12		8,177	8,177	8,101	76
Special Education - Instruction					
Learning and/or Language Disabilities	5,000	3,970	8,970	8,350	620
School-Sponsored and Other Instructional Programs		10,326	10,326	10,326	-
Undistributed Expenditures					
Instruction	2,500	675	3,175	3,175	-
School Admin	4,200	6,100	10,300	10,239	61
Required Maintenance	41,412	63,532	104,944	96,533	8,411
Custodial Services	23,000	4,986	27,986	27,986	-
Care and Upkeep of Grounds	15,131	1,480	16,611	16,139	472
Security	-	326,017	326,017	324,268	1,749
School Buses- Regular	-	132,673	132,673	-	132,673
<b>Total Equipment</b>	<b>91,243</b>	<b>567,035</b>	<b>658,278</b>	<b>510,016</b>	<b>148,262</b>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>CAPITAL OUTLAY (Continued)</b>					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		\$ 95,625	\$ 95,625	\$ 346	\$ 95,279
Other Purchased Professional and Technical Services	799,200	(129,630)	669,570	387,470	282,100
Construction Services	\$ 4,529,300	50,609	4,579,909	3,462,372	1,117,537
Assessment for Debt Service on SDA Funding	166,967	-	166,967	166,967	-
Total Facilities Acquisition and Construction Services	5,495,467	16,604	5,512,071	4,017,155	1,494,916
Interest Deposit to Capital Reserve	1,500	-	1,500	-	1,500
Total Capital Outlay	5,588,210	583,639	6,171,849	4,527,171	1,644,678
<b>TRANSFER OF FUNDS TO CHARTER SCHOOLS</b>					
Transfer of Funds to Charter Schools	13,895,889	5,010	13,900,899	12,833,555	1,067,344
Total Transfer of Funds to Charter Schools	13,895,889	5,010	13,900,899	12,833,555	1,067,344
Total Expenditures	162,318,613	738,648	163,057,261	178,891,360	(15,834,599)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(7,700,308)	(738,648)	(8,438,956)	(3,060,971)	5,377,985
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfer In				129,455	129,455
Lease Purchase Proceeds				3,295,214	3,295,214
Transfer To Special Revenue Fund	-	(253,000)	(253,000)	(253,000)	-
Total Other Financing Sources/(Uses)	-	(253,000)	(253,000)	3,171,669	3,424,669
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(7,700,308)	(991,648)	(8,691,956)	110,698	8,802,654
Fund Balances, Beginning of Year	22,371,037	-	22,371,037	22,371,037	-
Fund Balances, End of Year	\$ 14,670,729	\$ (991,648)	\$ 13,679,081	\$ 22,481,735	\$ 8,802,654
<b>Recapitulation :</b>					
Restricted					
Excess Surplus (2020/21 Budget)				1,950,000	
Excess Surplus - Designated for Subsequent Year's Expenditures (2019/20 Budget)				1,900,000	
Capital Reserve				5,491,530	
Capital Reserve- Designated for Subsequent Year's Expenditures (2019/20 Budget)				5,356,000	
Maintenance Reserve				1,020,899	
Committed					
Purchases on Order				1,841,766	
Assigned					
Purchases on Order				584,867	
Designated for Subsequent Year's Expenditures (2019/20 Budget)				634,820	
Unassigned				3,701,853	
				22,481,735	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Final 2018/2019 State Aid Payments Not Recognized on GAAP Basis				(1,310,659)	
2018/2019 Extraordinary Aid Not Recognized on a GAAP Basis				(1,696,514)	
Fund Balance (GAAP Basis), End of Year				\$ 19,474,562	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
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>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 4,213,774	\$ 944,398	\$ 5,158,172	\$ 3,803,058	\$ (1,355,114)
Federal	2,708,761	837,480	3,546,241	3,062,564	(483,677)
Local Sources					
Miscellaneous	500	37,855	38,355	17,438	(20,917)
Total Revenues	<u>6,923,035</u>	<u>1,819,733</u>	<u>8,742,768</u>	<u>6,883,060</u>	<u>(1,859,708)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	1,350,555	872,462	2,223,017	1,897,793	325,224
Salaries of Other Professional Staff		418,007	418,007	309,459	108,548
Other Salaries for Instruction	375,227	571,779	947,006	882,791	64,215
Other Salaries		323,680	323,680	279,793	43,887
Purchased Prof and Technical Services		234,262	234,262	140,106	94,156
Purchased Professional/Educational Services	408,344	(131,561)	276,783	222,546	54,237
Purchased Prof- Contracted Pre-K	99,840	(49,859)	49,981	22,657	27,324
Other Purchased Services	84,419	(84,419)	-	-	-
General Supplies	257,362	172,771	430,133	202,068	228,065
Textbooks		70,222	70,222	68,037	2,185
Other Objects	209,580	(209,580)	-	-	-
Total Instruction	<u>2,785,327</u>	<u>2,187,764</u>	<u>4,973,091</u>	<u>4,025,250</u>	<u>947,841</u>
Support Services					
Salaries of Supervisors of Instruction	124,902	-	124,902	124,194	708
Salaries of Program Directors		224,521	224,521	224,521	-
Salaries of Secretarial and Clerical Asst.	20,000	103,618	123,618	104,761	18,857
Other Salaries	130,000	(14,999)	115,001	78,925	36,076
Salaries of Master Teachers	72,152	159,266	231,418	119,159	112,259
Personal Services-Employee Benefits	672,259	368,074	1,040,333	1,108,794	(68,461)
Purchased Professional/Educational Services	60,000	461,931	521,931	443,911	78,020
Purchased Professional & Technical Services		228,329	228,329	193,591	34,738
Other Purchased Professional- Educational Services	11,000	224,024	235,024	161,765	73,259
Contracted Services-Transportation	357,595	150,318	507,913	375,210	132,703
Other Purchased Services	15,000	184,667	199,667	62,440	137,227
Supplies and Materials	25,000	104,663	129,663	44,459	85,204
Other Objects	2,567,364	(2,567,364)	-	-	-
Total Support Services	<u>4,055,272</u>	<u>(372,952)</u>	<u>3,682,320</u>	<u>3,041,730</u>	<u>640,590</u>
Facilities Acquisition and Construction					
Instructional Equipment	82,436	(74,159)	8,277	-	8,277
Non-Instructional Equipment	-	79,080	79,080	69,080	10,000
Total Facilities Acq. & Construction	<u>82,436</u>	<u>4,921</u>	<u>87,357</u>	<u>69,080</u>	<u>18,277</u>
Total Expenditures	<u>6,923,035</u>	<u>1,819,733</u>	<u>8,742,768</u>	<u>7,136,060</u>	<u>1,606,708</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	(253,000)	(253,000)
Other Financing Sources					
Transfer In - General Fund		-		253,000	253,000
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Fund Balance (Budgetary Basis), End of Year				\$ -	
Final 2018/2019 State Aid Payments Not Recognized on GAAP Basis				-	
Fund Balance (GAAP Basis), End of Year				<u>\$ -</u>	



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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 175,830,389	\$ 6,883,060
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		(11,170)
State Aid Payments recognized for GAAP purposes not recognized for Budgetary statements (2017/2018 State Aid)	2,606,965	
State Aid Payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year (2018/2019 State Aid)	(3,007,173)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	\$ 175,430,181	\$ 6,871,890
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 178,891,360	\$ 7,136,060
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2019	-	(11,170)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	\$ 178,891,360	\$ 7,124,890

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**OTHER POSTEMPLOYMENT BENEFITS INFORMATION**

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

**Public Employees Retirement System**

**Last 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)	0.23090%	0.22235%	.21796%	.22744%	.22739%	.22238%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 45,462,208</u>	<u>\$ 51,759,670</u>	<u>\$ 64,552,218</u>	<u>\$ 51,054,809</u>	<u>\$ 42,572,869</u>	<u>\$ 42,502,178</u>
District's Covered Payroll	<u>\$ 15,942,681</u>	<u>\$ 15,947,892</u>	<u>\$ 15,140,829</u>	<u>\$ 15,066,990</u>	<u>\$ 15,250,010</u>	<u>\$ 15,284,217</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	285%	325%	426%	339%	279%	278%
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.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT 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	\$ 2,296,666	\$ 2,059,841	\$ 1,936,287	\$ 1,955,339	\$ 1,874,537	\$ 1,675,625
Contributions in Relation to the Contractually Required Contribution	<u>2,296,666</u>	<u>2,059,841</u>	<u>1,936,287</u>	<u>1,955,339</u>	<u>1,874,537</u>	<u>1,675,625</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 16,458,036</u>	<u>\$ 15,942,681</u>	<u>\$ 15,947,892</u>	<u>\$ 15,140,829</u>	<u>\$ 15,066,990</u>	<u>\$ 15,284,217</u>
Contributions as a Percentage of Covered Payroll	14%	13%	12%	13%	12%	11%

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

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

**Teachers Pension and Annuity Fund**

**Last 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	<u>\$ 339,405,337</u>	<u>\$ 348,623,835</u>	<u>\$ 405,403,933</u>	<u>\$ 334,421,129</u>	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
<b>Total</b>	<u>\$ 339,405,337</u>	<u>\$ 348,623,835</u>	<u>\$ 405,403,933</u>	<u>\$ 334,421,129</u>	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
District's Covered Payroll	<u>\$ 54,724,475</u>	<u>\$ 55,248,712</u>	<u>\$ 53,372,315</u>	<u>\$ 51,907,424</u>	<u>\$ 51,889,123</u>	<u>\$ 51,771,553</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered 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.

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

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

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

**Postemployment Health Benefit Plan**

**Last Two Fiscal Years\***

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 10,648,611	\$ 12,978,426
Interest on Total OPEB Liability	9,413,944	8,047,596
Differences Between Expected and Actual Experiences	(22,392,077)	
Changes of Assumptions	(25,436,444)	(33,708,575)
Gross Benefit Payments	(5,927,077)	(6,259,886)
Contribution from the Member	<u>204,855</u>	<u>230,505</u>
<b>Net Change in Total OPEB Liability</b>	(33,488,188)	(18,711,934)
<b>Total OPEB Liability - Beginning of Year</b>	<u>255,146,733</u>	<u>273,858,667</u>
<b>Total OPEB Liability - End of Year</b>	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
District's Proportionate Share of OPEB Liability	-	-
State's Proportionate Share of OPEB Liability	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
Total OPEB Liability - End of Year	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
District's Covered Payroll	<u>\$ 70,667,156</u>	<u>\$ 71,196,604</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.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Security	Nursing	Textbooks	Suppl.Inst.	Nonpublic Compens. Education	Exam. and Class.	Corrective Speech	Technology	Transportation	IDEA Part B-Preschool	Page 2 Totals	Grand Totals
<b>REVENUES</b>												
Intergovernmental												
State	\$ 120,199	\$ 128,555	\$ 68,037	\$ 31,401	\$ 58,376	\$ 45,318	\$ 24,909	\$ 46,804	\$ 10,285		\$ 3,269,174	\$ 3,803,058
Federal										\$ 65,538	2,997,026	3,062,564
Local												
Miscellaneous	-	-	-	-	-	-	-	-	-	-	17,438	17,438
<b>Total Revenues</b>	<b>\$ 120,199</b>	<b>\$ 128,555</b>	<b>\$ 68,037</b>	<b>\$ 31,401</b>	<b>\$ 58,376</b>	<b>\$ 45,318</b>	<b>\$ 24,909</b>	<b>\$ 46,804</b>	<b>\$ 10,285</b>	<b>\$ 65,538</b>	<b>\$ 6,283,638</b>	<b>\$ 6,883,060</b>
<b>EXPENDITURES</b>												
Instruction												
Salaries of Teachers										\$ 50,740	\$ 1,847,053	\$ 1,897,793
Salaries of Other Professional Staff											309,459	309,459
Other Salaries for Instruction											882,791	882,791
Other Salaries											279,793	279,793
Purchased Technical Services												-
Purchased Prof. and Technical Services	\$ 120,199										19,907	140,106
Purchased Prof- Educational Services				\$ 31,401	\$ 58,376	\$ 45,318	\$ 24,909	\$ 46,804	\$ 10,285		5,453	222,546
Purchased Prof- Contracted Pre-K											22,657	22,657
Other Purchased Services											-	-
General Supplies											202,068	202,068
Textbooks			\$ 68,037								-	68,037
Other Objects											-	-
<b>Total Instruction</b>	<b>120,199</b>	<b>-</b>	<b>68,037</b>	<b>31,401</b>	<b>58,376</b>	<b>45,318</b>	<b>24,909</b>	<b>46,804</b>	<b>10,285</b>	<b>50,740</b>	<b>3,569,181</b>	<b>4,025,250</b>
Support Services												
Salaries of Supervisors of Instruction											124,194	124,194
Salaries of Program Directors											224,521	224,521
Salaries of Secretarial and Clerical Asst.											104,761	104,761
Other Salaries for Instruction											-	-
Other Salaries											78,925	78,925
Salaries of Master Teachers											119,159	119,159
Personal Services - Employee Benefits										14,798	1,093,996	1,108,794
Purchased Prof. and Educational Svcs											443,911	443,911
Other Purchased Professional- Educational Services		\$ 128,555									65,036	193,591
Purchased Prof. and Technical Svcs											161,765	161,765
Contracted Services- Transportation											375,210	375,210
Other Purchased Services											62,440	62,440
Supplies and Materials											44,459	44,459
Other Objects											-	-
<b>Total Support Services</b>	<b>-</b>	<b>128,555</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,798</b>	<b>2,898,377</b>	<b>3,041,730</b>
Facilities Acquisition and Construction Services												
Non-Instructional Equipment											69,080	69,080
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,080</b>	<b>69,080</b>
<b>Total Special Revenue Expenditures</b>	<b>\$ 120,199</b>	<b>\$ 128,555</b>	<b>\$ 68,037</b>	<b>\$ 31,401</b>	<b>\$ 58,376</b>	<b>\$ 45,318</b>	<b>\$ 24,909</b>	<b>\$ 46,804</b>	<b>\$ 10,285</b>	<b>\$ 65,538</b>	<b>\$ 6,536,638</b>	<b>\$ 7,136,060</b>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures												
											(253,000)	(253,000)
Other Financing Sources												
Transfer In - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,000	\$ 253,000

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FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Donations</u>						
	<u>Local</u>	<u>IDEA</u>	<u>ESEA</u>	<u>ESEA</u>	<u>ESEA</u>	<u>Preschool</u>	<u>Page 2</u>
	<u>Programs</u>	<u>Reg.Prog.</u>	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Aid</u>	<u>Total</u>
<b>REVENUES</b>							
Intergovernmental							
State						\$ 3,269,174	\$ 3,269,174
Federal		\$ 1,939,136	\$ 747,106	\$ 134,774	\$ 176,010		2,997,026
Local							
Miscellaneous	\$ 17,438	-	-	-	-	-	17,438
<b>Total Revenues</b>	<b>\$ 17,438</b>	<b>\$ 1,939,136</b>	<b>\$ 747,106</b>	<b>\$ 134,774</b>	<b>\$ 176,010</b>	<b>\$ 3,269,174</b>	<b>\$ 6,283,638</b>
<b>EXPENDITURES</b>							
Instruction							
Salaries of Teachers	\$ 7,107	\$ 245,597	\$ 169,637			\$ 1,424,712	\$ 1,847,053
Salaries of Other Professional Staff			234,423		\$ 75,036		309,459
Other Salaries for Instruction		395,245				487,546	882,791
Other Salaries		273,412		\$ 6,381			279,793
Purchased Prof. and Technical Services			19,907				19,907
Purchased Prof. and Educational Services		5,453					5,453
Purchased Professional Services- Contracted Pre-K						22,657	22,657
Other Purchased Services							-
General Supplies	10,246	29,887	48,163		2,067	111,705	202,068
Textbooks							-
Other Objects							-
<b>Total Instruction</b>	<b>17,353</b>	<b>949,594</b>	<b>472,130</b>	<b>6,381</b>	<b>77,103</b>	<b>2,046,620</b>	<b>3,569,181</b>
Support Services							
Salaries of Supervisors of Instruction						124,194	124,194
Salaries of Program Directors		190,819		33,702			224,521
Salaries of Secretarial and Clerical Asst.		67,882				36,879	104,761
Other Salaries for Instruction							-
Salaries of Non-Instructional Aides							-
Other Salaries		71,029		7,896			78,925
Salaries of Master Teachers						119,159	119,159
Personal Services - Employee Benefits	85	269,981	95,480	13,796	11,296	703,358	1,093,996
Purchased Prof- Educational Svcs		387,708			49,709	6,494	443,911
Purchased Prof. and Technical Svcs			98,580	63,185			161,765
Other Purchased Professional-Educational Services						65,036	65,036
Contracted Services- Transportation			12,990		25,172	337,048	375,210
Other Purchased Services			35,534	9,814	10,915	6,177	62,440
Supplies and Materials		2,123	32,392		1,815	8,129	44,459
Other Objects							-
<b>Total Support Services</b>	<b>85</b>	<b>989,542</b>	<b>274,976</b>	<b>128,393</b>	<b>98,907</b>	<b>1,406,474</b>	<b>2,898,377</b>
Facilities Acquisition and Construction Services							
Non-Instructional Equipment						69,080	69,080
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,080</b>	<b>69,080</b>
<b>Total Special Revenue Expenditures</b>	<b>\$ 17,438</b>	<b>\$ 1,939,136</b>	<b>\$ 747,106</b>	<b>\$ 134,774</b>	<b>\$ 176,010</b>	<b>\$ 3,522,174</b>	<b>\$ 6,536,638</b>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures							
	-	-	-	-	-	(253,000)	(253,000)
Other Financing Sources							
Transfer In - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,000	\$ 253,000

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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>DISTRICT-WIDE</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Salaries of Teachers	\$ 1,735,673	\$ 1,424,712	\$ 310,961
Other Salaries for Instruction	552,768	487,546	65,222
Purchased Professional and Educational Services	49,981	22,657	27,324
General Supplies	<u>292,243</u>	<u>111,705</u>	<u>180,538</u>
 Total Instruction	 <u>2,630,665</u>	 <u>2,046,620</u>	 <u>584,045</u>
Support Services			
Salaries of Supervisor of Instruction	124,902	124,194	708
Salaries of Secretarial and Clerical Asst.	51,708	36,879	14,829
Salaries of Master Teachers	231,418	119,159	112,259
Personal Services - Employee Benefits	723,080	703,358	19,722
Other Purchased Professional- Educational Services	6,494	6,494	-
Other Purchased Professional Services	100,000	65,036	34,964
Contracted Services- Transportation (Between Home & School)	423,119	336,503	86,616
Contracted Services- Transportation (Field Trips)	15,500	545	14,955
Travel	56,800	6,177	50,623
General Supplies	<u>50,000</u>	<u>8,129</u>	<u>41,871</u>
 Total Support Services	 <u>1,783,021</u>	 <u>1,406,474</u>	 <u>376,547</u>
Facilities, Acquisition and Construction Services			
Instructional Equipment	8,277		8,277
Non-Instructional Equipment	<u>79,080</u>	<u>69,080</u>	<u>10,000</u>
 Total Facilities, Acquisition and Construction Services	 <u>87,357</u>	 <u>69,080</u>	 <u>18,277</u>
 Total Expenditures	 <u>\$ 4,501,043</u>	 <u>\$ 3,522,174</u>	 <u>\$ 978,869</u>

**SUMMARY OF LOCATION TOTALS**

Total 2018-2019 Preschool Education Aid Allocation	\$ 3,951,948
Add: Budgeted Transfer from General Fund- 2018/2019 Inclusion	253,000
Actual Preschool Education Carryover (June 30, 2018)	<u>1,078,454</u>
Total Preschool Education Aid Funds Available for 2018-2019 Budget	5,283,402
Less: 2018-2019 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>4,501,043</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	782,359
 Add: 2018-2019 Unexpended Preschool Education Aid	 <u>978,869</u>
2018-2019 Actual Carryover - Preschool Education Aid	<u>\$ 1,761,228</u>
 2018-2019 Preschool Education Aid Carryover Budgeted in 2019-2020	 <u>\$ 782,359</u>

**CAPITAL PROJECTS FUND**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Adjustment- SDA Grant</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2019</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Sampson G. Smith HVAC	\$ 200,120		\$ 184,889		\$ 15,231
Energy Savings Incentive Program	7,735,000		7,543,611		191,389
Various renovations, alterations and improvements to all district schools- 2014 Referendum	87,811,464	\$ (256,195)	68,049,697	\$ 12,014,024	7,491,548
Sampson G. Smith- Girls Locker Room	567,375		115,429	2,062	449,884
Franklin High School- Paving	70,000		31,272	875	37,853
Franklin Park School- Paving	50,000		22,162	-	27,838
Franklin High School- Concession Stand	1,270,000		1,109,014	146,869	14,117
Sampson G. Smith- Kitchen	938,150	-	879,678	-	58,472
Franklin High School Tennis Courts	1,098,680	-	789,204	129,814	179,662
	<u>\$ 99,740,789</u>	<u>\$ (256,195)</u>	<u>\$ 78,724,956</u>	<u>\$ 12,293,644</u>	<u>\$ 8,465,994</u>
Project Balances					\$ 8,465,994
Reserve for Payment of Lease Purchase					4,726
Debt Authorized But Not Issued					(257)
Unrealized SDA Grant					(287,053)
Fund Balance- GAAP Basis					<u>\$ 8,183,410</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted					
Capital Projects					\$ 5,802,437
Debt Service					4,726
Committed					
Purchases on Order					<u>2,376,247</u>
Total Fund Balance-Restricted for Capital Projects					<u>\$ 8,183,410</u>



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

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

Interest on Lease Purchase Proceeds	\$ 1,226
Interest on Referendum Proceeds	129,455
	129,455
 Total Revenues and Other Financing Sources	 130,681

**Expenditures and Other Financing Uses****Expenditures**

Salaries	51,628
Purchased Professional and Technical Services	473,220
Rentals	2,164
Construction Services	10,540,945
Equipment	67,791
Supplies	1,112,102
Other Objects	45,794

**Other Financing Uses**

Transfer to General Fund-Interest Earnings on Referendum Proceeds (Capital Reserve)	129,455
	129,455
 Total Expenditures and Other Financing Uses	 12,423,099

Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(12,292,418)
--	--------------

Fund Balance - Beginning of Year	20,762,881
	20,762,881

Fund Balance - End of Year	8,470,463
	8,470,463

## Reconciliation to GAAP

Unearned Revenue - SDA Grant	(287,053)
	(287,053)

Fund Balance- End of Year GAAP Basis	\$ 8,183,410
	\$ 8,183,410

Analysis of Fund Balance:

Restricted for Capital Projects	\$ 5,802,437
Restricted for Debt Service	4,726
Committed- Purchases on Order	2,376,247
	2,376,247
	\$ 8,183,410

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
SAMPSON G. SMITH HVAC UPGRADE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
ENERGY SAVINGS INCENTIVE PROGRAM  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Additional Project Information:

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

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS

VARIOUS RENOVATIONS, ALTERATIONS AND IMPROVEMENTS TO ALL DISTRICT SCHOOLS (REFERENDUM)  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 81,480,000		\$ 81,480,000	\$ 81,480,000
State Sources- SDA Grant	3,160,874		3,160,874	3,160,874
Transfer from Capital Reserve	<u>2,914,140</u>	<u>-</u>	<u>2,914,140</u>	<u>2,914,140</u>
 Total Revenues and Other Financing Sources	 <u>87,555,014</u>	 <u>-</u>	 <u>87,555,014</u>	 <u>87,555,014</u>
 EXPENDITURES AND OTHER FINANCING USES				
Salaries		\$ 51,628	51,628	
Purchased professional and technical services	7,202,477	469,628	7,672,105	
Rentals		2,164	2,164	
Construction Services	59,877,092	10,275,150	70,152,242	87,555,014
Equipment		67,791	67,791	
Supplies	292,055	1,101,869	1,393,924	
Other Objects	<u>678,075</u>	<u>45,794</u>	<u>723,869</u>	<u>-</u>
 Total Expenditures and other Financing Uses	 <u>68,049,699</u>	 <u>12,014,024</u>	 <u>80,063,723</u>	 <u>87,555,014</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	<u>\$ 19,505,315</u>	<u>\$ (12,014,024)</u>	<u>\$ 7,491,291</u>	<u>\$ -</u>

Additional Project Information:

Project Number	Various - See Below
Grant Date	Various - See Below
Bond Issue Date	2/26/2015
Bonds Issued	\$ 81,480,000
Original Authorized Cost	\$ 84,897,326
Revised Authorized Cost	\$ 87,555,014
 Percentage Completion	 94.3%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2019/2020

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 SAMPSON G. SMITH- GIRLS LOCKER ROOM  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 567,375	-	\$ 567,375	\$ 567,375
Total Revenues and Other Financing Sources	<u>567,375</u>	<u>-</u>	<u>567,375</u>	<u>567,375</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	7,595	\$ 155	7,750	49,875
Construction Services	<u>107,834</u>	<u>1,907</u>	<u>109,741</u>	<u>517,500</u>
Total Expenditures and other Financing Uses	<u>115,429</u>	<u>2,062</u>	<u>117,491</u>	<u>567,375</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 451,946</u>	<u>\$ (2,062)</u>	<u>\$ 449,884</u>	<u>\$ -</u>

## Additional Project Information:

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

Percentage Completion	21%
Original Target Completion Date	2016/17
Revised Target Completion Date	2018/19

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
HIGH SCHOOL- PAVING  
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>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from Capital Reserve	\$ 70,000	-	\$ 70,000	\$ 70,000
 Total Revenues and Other Financing Sources	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>
 <b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased professional and technical services	31,272	\$ 875	32,147	70,000
Construction Services	-	-	-	-
 Total Expenditures and other Financing Uses	<u>31,272</u>	<u>875</u>	<u>32,147</u>	<u>70,000</u>
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 38,728</u>	<u>\$ (875)</u>	<u>\$ 37,853</u>	<u>\$ -</u>

Additional Project Information:

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

Percentage Completion	46%
Original Target Completion Date	2017/18
Revised Target Completion Date	2018/19

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**FRANKLIN PARK SCHOOL- PAVING**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

## Additional Project Information:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
HIGH SCHOOL CONCESSION STAND  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 1,270,000	-	\$ 1,270,000	\$ 1,270,000
Total Revenues and Other Financing Sources	<u>1,270,000</u>	<u>-</u>	<u>1,270,000</u>	<u>1,270,000</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	77,487	\$ 2,562	80,049	52,251
Construction Services	1,013,778	134,074	1,147,852	1,200,000
Equipment	17,749	10,233	27,982	17,749
Total Expenditures and other Financing Uses	<u>1,109,014</u>	<u>146,869</u>	<u>1,255,883</u>	<u>1,270,000</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 160,986</u>	<u>\$ (146,869)</u>	<u>\$ 14,117</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Lease Purchase Proceeds	N/A
Original Authorized Cost	\$ 70,000
Revised Authorized Cost	\$ 1,270,000
Percentage Completion	99%
Original Target Completion Date	2017/18
Revised Target Completion Date	2018/19



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**SAMPSON G. SMITH-KITCHEN UPGRADES**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

## Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**HIGH SCHOOL- TENNIS COURTS**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 1,098,680	-	\$ 1,098,680	\$ 1,098,680
 Total Revenues and Other Financing Sources	 <u>1,098,680</u>	 <u>-</u>	 <u>1,098,680</u>	 <u>1,098,680</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased professional and technical services	107,534		107,534	126,975
Construction Services	681,670	\$ 129,814	811,484	849,043
Other Purchased Property Services	-	-	-	122,662
 Total Expenditures and other Financing Uses	 <u>789,204</u>	 <u>129,814</u>	 <u>919,018</u>	 <u>1,098,680</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	<u>\$ 309,476</u>	<u>\$ (129,814)</u>	<u>\$ 179,662</u>	<u>\$ -</u>

## Additional Project Information:

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

Percentage Completion	84%
Original Target Completion Date	2017/18
Revised Target Completion Date	2018/19

**ENTERPRISE FUNDS**

**EXHIBIT G-1**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 267,099	\$ 4,626,823	\$ 4,893,922
Total Assets	<u>\$ 267,099</u>	<u>\$ 4,626,823</u>	<u>\$ 4,893,922</u>
<b>LIABILITIES</b>			
Accrued Salaries & Wages		\$ 3,799,439	\$ 3,799,439
Payroll Deductions and Withholdings		776,318	776,318
Flexible Spending (Sect. 125) Plan Account		45,278	45,278
Due to Other Funds		5,788	5,788
Due to Student Groups	\$ 267,099	-	267,099
Total Liabilities	<u>\$ 267,099</u>	<u>\$ 4,626,823</u>	<u>\$ 4,893,922</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

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

	<b>Balance, July 1, <u>2018</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2019</u></b>
<b>ELEMENTARY SCHOOLS</b>				
Franklin Park	\$ 3,595	\$ 2,229	\$ 2,441	\$ 3,383
Sampson G. Smith	38,523	72,012	72,923	37,612
MIDDLE SCHOOL	22,290	55,793	68,898	9,185
HIGH SCHOOL	172,269	266,609	254,589	184,289
ATHLETICS	<u>47,231</u>	<u>98,924</u>	<u>113,525</u>	<u>32,630</u>
Total	<u>\$ 283,908</u>	<u>\$ 495,567</u>	<u>\$ 512,376</u>	<u>\$ 267,099</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PAYROLL AGENCY FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Balance, July 1, <u>2018</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2019</u></b>
Payroll Deductions and Withholdings	\$ 179,349	\$ 41,470,472	\$ 40,873,503	\$ 776,318
Flexible Spending (Section 125) Plan Account	40,627	195,655	191,004	45,278
Accrued Salaries and Wages	3,616,358	103,877,774	103,694,693	3,799,439
Due to Other Funds	<u>-</u>	<u>5,788</u>	<u>-</u>	<u>5,788</u>
	<u>\$ 3,836,334</u>	<u>\$ 145,549,689</u>	<u>\$ 144,759,200</u>	<u>\$ 4,626,823</u>



**LONG-TERM DEBT**

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2018</u>	<u>Decreased</u>	<u>Balance, June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	6/25/2009	\$ 24,970,000	8/15/2019	\$ 2,335,000	5.000%	\$ 11,635,000	\$ 2,240,000	\$ 9,395,000
			8/15/2020-21	2,340,000	5.000%			
			8/15/2022	1,335,000	5.000%			
			8/15/2022	1,000,000	4.000%			
			8/15/2023	45,000	4.000%			
2015 School Bonds	2/10/2015	\$ 81,480,000	2/1/2020	3,685,000	3.000%	75,480,000	3,595,000	71,885,000
			2/1/2021	3,775,000	3.000%			
			2/1/2022	3,880,000	3.000%			
			2/1/2023	3,985,000	3.000%			
			2/1/2024	4,105,000	3.000%			
			2/1/2025	4,230,000	3.000%			
			2/1/2026	4,360,000	3.000%			
			2/1/2027	4,500,000	3.000%			
			2/1/2028	4,640,000	3.000%			
			2/1/2029	4,785,000	3.000%			
			2/1/2030	4,940,000	3.000%			
			2/1/2031	5,000,000	3.000%			
			2/1/2032	5,000,000	3.000%			
			2/1/2033	5,000,000	3.125%			
			2/1/2034	5,000,000	3.250%			
2/1/2035	5,000,000	4.000%						
Refunding School Bonds	5/26/2016	\$ 8,700,000	8/15/2023	2,160,000	3.000%	8,700,000	-	8,700,000
			8/15/2024	2,220,000	3.000%			
			8/15/2025	2,180,000	4.000%			
			8/15/2026	2,140,000	4.000%			
						<u>\$ 95,815,000</u>	<u>\$ 5,835,000</u>	<u>\$ 89,980,000</u>
Paid by Budget Appropriation							<u>\$ 5,835,000</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR JUNE 30, 2019**

<u>Series</u>	<u>Interest Rate</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>
Lease Purchase Agreement - ESIP	2.747%	\$ 7,534,000	\$ 7,009,000		\$ 243,000	\$ 6,766,000
Chrome Books- 2019 (supplies)	2.857%	2,110,693		\$ 2,110,693	546,211	1,564,482
MacBooks- 2019 (supplies)	0.000%	1,184,521	-	1,184,521	296,130	888,391
		<u>\$ 10,829,214</u>	<u>\$ 7,009,000</u>	<u>\$ 3,295,214</u>	<u>\$ 1,085,341</u>	<u>\$ 9,218,873</u>
					<u>Paid by Budget Appropriation</u>	<u>\$ 1,085,341</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
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>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 7,832,968	-	\$ 7,832,968	\$ 7,832,968	-
State Sources					
Debt Service Aid	<u>943,257</u>	<u>-</u>	<u>943,257</u>	<u>943,257</u>	<u>-</u>
Total Revenues	<u>8,776,225</u>	<u>-</u>	<u>8,776,225</u>	<u>8,776,225</u>	<u>-</u>
<b>EXPENDITURES</b>					
Debt Service					
Interest on Bonds	3,144,250	-	3,144,250	3,144,250	
Principal	<u>5,835,000</u>	<u>-</u>	<u>5,835,000</u>	<u>5,835,000</u>	<u>-</u>
Total Expenditures	<u>8,979,250</u>	<u>-</u>	<u>8,979,250</u>	<u>8,979,250</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(203,025)</u>	<u>-</u>	<u>(203,025)</u>	<u>(203,025)</u>	<u>-</u>
Net Change in Fund Balances	(203,025)	-	(203,025)	(203,025)	-
Fund Balance, Beginning of Year	<u>203,025</u>	<u>-</u>	<u>203,025</u>	<u>203,025</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

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

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

	2010		2011		2012		2013		Fiscal Year Ended June 30,		2016		2017		2018		2019	
									2014	2015								
<b>Governmental Activities</b>																		
Net Investment in Capital Assets	\$ 38,398,886	\$ 41,107,004	\$ 43,142,234	\$ 43,659,102	\$ 45,676,154	\$ 41,256,919	\$ 48,328,719	\$ 51,827,177	\$ 62,613,681	\$ 44,040,614								
Restricted	469,197	494,561	2,418,650	2,378,881	4,816,020	14,424,083	12,383,678	18,044,824	15,455,281	13,080,332								
Unrestricted	(360,174)	(1,300,219)	(531,325)	(489,287)	(40,173,039)	(40,472,737)	(40,364,250)	(43,909,435)	(46,286,757)	(47,891,100)								
<b>Total Governmental Activities Net Position</b>	<b>\$ 38,507,909</b>	<b>\$ 40,301,346</b>	<b>\$ 45,029,559</b>	<b>\$ 45,548,696</b>	<b>\$ 10,319,135</b>	<b>\$ 15,208,265</b>	<b>\$ 20,348,147</b>	<b>\$ 25,962,566</b>	<b>\$ 31,782,205</b>	<b>\$ 9,229,846</b>								
<b>Business-Type Activities</b>																		
Investment in Capital Assets	\$ 290,826	\$ 252,883	\$ 335,719	\$ 369,629	\$ 406,306	\$ 444,798	\$ 418,684	\$ 814,088	\$ 805,981	\$ 624,205								
Restricted																		
Unrestricted	1,002,349	1,020,653	1,012,874	739,631	(1,601,375)	(1,234,507)	(1,061,651)	(1,217,275)	(696,702)	(1,038,179)								
<b>Total Business-Type Activities Net Position</b>	<b>\$ 1,293,175</b>	<b>\$ 1,273,536</b>	<b>\$ 1,348,593</b>	<b>\$ 1,109,260</b>	<b>\$ (1,195,069)</b>	<b>\$ (789,709)</b>	<b>\$ (642,967)</b>	<b>\$ (403,187)</b>	<b>\$ 109,279</b>	<b>\$ (413,974)</b>								
<b>District-Wide</b>																		
Net Investment in Capital Assets	\$ 38,689,712	\$ 41,359,887	\$ 43,477,953	\$ 44,028,731	\$ 46,082,460	\$ 41,701,717	\$ 48,747,403	\$ 52,641,265	\$ 63,419,662	\$ 44,664,819								
Restricted	469,197	494,561	2,418,650	2,378,881	4,816,020	14,424,083	12,383,678	18,044,824	15,455,281	13,080,332								
Unrestricted	642,175	(279,566)	481,549	250,344	(41,774,414)	(41,707,244)	(41,425,901)	(45,126,710)	(46,983,459)	(48,929,279)								
<b>Total District Net Position</b>	<b>\$ 39,801,084</b>	<b>\$ 41,574,882</b>	<b>\$ 46,378,152</b>	<b>\$ 46,657,956</b>	<b>\$ 9,124,066</b>	<b>\$ 14,418,556</b>	<b>\$ 19,705,180</b>	<b>\$ 25,559,379</b>	<b>\$ 31,891,484</b>	<b>\$ 8,815,872</b>								

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

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

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 51,800,496	\$ 51,187,383	\$ 52,508,130	\$ 57,429,491	\$ 56,162,752	\$ 65,459,896	\$ 73,391,280	\$ 78,178,024	\$ 82,444,687	\$ 82,813,828
Special Education	24,657,000	25,441,211	25,023,891	27,728,427	26,765,570	30,420,992	30,163,329	32,394,349	32,967,859	30,753,643
Vocational- Tuition	283,705	313,672	250,761	194,464	200,630	155,650	215,633	207,875	213,482	261,392
Other Instruction	4,973,648	4,702,223	5,248,842	5,412,521	5,728,808	6,549,875	4,264,395	8,437,515	8,350,055	8,976,461
School Sponsored Activities And Athletics	1,635,318	1,552,538	1,754,456	1,771,383	1,792,310	2,231,855	2,961,270	2,576,267	2,591,286	2,411,582
Support Services:										
Student & Instruction Related Services	17,932,549	19,965,665	19,962,740	19,802,557	18,398,799	18,343,728	21,534,055	23,648,296	25,286,241	25,575,140
School Administrative Services	6,107,929	5,950,228	6,372,457	6,913,611	7,080,686	8,091,290	8,048,181	9,044,353	9,386,829	9,576,676
General Administration	1,994,328	2,201,551	2,279,687	2,735,360	2,547,296	2,268,730	2,519,964	2,602,963	2,959,436	2,714,208
Central Services										
Plant Operations And Maintenance	14,671,738	14,312,598	13,224,205	13,992,340	14,556,907	16,484,904	17,306,672	17,727,151	18,678,318	23,154,959
Administrative Information Technology										
Pupil Transportation	12,727,188	12,834,232	13,034,098	13,875,038	14,071,942	14,119,145	13,746,290	14,113,143	14,050,861	13,316,912
Other Support Services	2,991,567	2,636,473	2,737,984	3,008,990	3,203,842	3,302,460	3,086,455	3,962,167	4,328,175	4,019,780
Special Schools										
Interest On Long-Term Debt	2,020,812	1,991,040	1,857,458	1,631,754	1,449,161	2,387,803	3,910,083	3,765,864	3,458,717	3,349,598
<b>Total Governmental Activities Expenses</b>	<b>141,796,278</b>	<b>143,088,814</b>	<b>144,254,709</b>	<b>154,495,936</b>	<b>151,958,703</b>	<b>169,816,328</b>	<b>181,147,607</b>	<b>196,657,967</b>	<b>204,715,946</b>	<b>206,924,179</b>
<b>Business-Type Activities:</b>										
Food Service	2,552,877	2,666,604	2,791,092	3,235,950	3,197,377	3,415,527	3,903,479	3,679,443	3,207,689	3,669,174
Child Care	1,021,256	958,231	884,280	960,597	827,389	724,928	720,952	789,480	818,595	1,052,787
Other Business-Types	49,278	-	4,975	-	-	-	-	-	-	-
<b>Total Business-Type Activities Expense</b>	<b>3,623,411</b>	<b>3,624,835</b>	<b>3,680,347</b>	<b>4,196,547</b>	<b>4,024,766</b>	<b>4,140,455</b>	<b>4,624,431</b>	<b>4,468,923</b>	<b>4,026,284</b>	<b>4,721,961</b>
<b>Total District Expenses</b>	<b>\$ 145,419,689</b>	<b>\$ 146,713,649</b>	<b>\$ 147,935,056</b>	<b>\$ 158,692,483</b>	<b>\$ 155,983,469</b>	<b>\$ 173,956,783</b>	<b>\$ 185,772,038</b>	<b>\$ 201,126,890</b>	<b>\$ 208,742,230</b>	<b>\$ 211,646,140</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Instruction (Tuition)	\$ 73,741	\$ 133,882	\$ 165,595	\$ 197,090	\$ 224,759	\$ 340,224	\$ 492,641	\$ 501,492	\$ 454,345	\$ 85,455
Pupil Transportation	9,476	4,113	4,862	2,210	6,713	10,327	17,680	4,041	22,958	
Operations and Maintenance					6,967	14,803	27,219	35,142	22,000	19,365
Central And Other Support Services	33,993	13,911								
Operating Grants And Contributions	24,635,038	19,604,323	21,655,220	24,945,853	23,255,831	37,566,708	43,431,077	55,288,979	61,786,833	53,013,409
Capital Grants And Contributions	-	238,951	-	-	33,008	681,110	1,966,585	833,578	384,562	859,068
<b>Total Governmental Activities Program Revenues</b>	<b>24,752,248</b>	<b>19,995,180</b>	<b>21,825,677</b>	<b>25,145,153</b>	<b>23,527,278</b>	<b>38,613,172</b>	<b>45,935,202</b>	<b>56,663,232</b>	<b>62,670,698</b>	<b>53,977,297</b>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Business-Type Activities:</b>										
Charges For Services										
Food Service	\$ 1,196,709	\$ 1,217,436	\$ 1,209,131	\$ 1,335,967	\$ 1,231,275	\$ 1,345,128	\$ 1,280,300	\$ 1,273,769	\$ 1,214,783	\$ 1,206,869
Child Care	982,827	891,065	887,099	828,992	779,896	892,225	875,555	931,737	787,705	757,065
Other Business-Types	22,118									
Operating Grants And Contributions	1,362,697	1,494,268	1,663,011	1,790,184	2,159,203	2,306,793	2,613,245	2,677,555	2,521,957	2,478,996
Capital Grants And Contributions	16,882	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>3,581,233</b>	<b>3,602,769</b>	<b>3,759,241</b>	<b>3,955,143</b>	<b>4,170,374</b>	<b>4,544,146</b>	<b>4,769,100</b>	<b>4,883,061</b>	<b>4,524,445</b>	<b>4,442,930</b>
<b>Total District Program Revenues</b>	<b>\$ 28,333,481</b>	<b>\$ 23,597,949</b>	<b>\$ 25,584,918</b>	<b>\$ 29,100,296</b>	<b>\$ 27,697,652</b>	<b>\$ 43,157,318</b>	<b>\$ 50,704,302</b>	<b>\$ 61,546,293</b>	<b>\$ 67,195,143</b>	<b>\$ 58,420,227</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (117,044,030)	\$ (123,093,634)	\$ (122,429,032)	\$ (129,350,783)	\$ (128,431,425)	\$ (131,203,156)	\$ (135,212,405)	\$ (139,994,735)	\$ (142,045,248)	\$ (152,946,882)
Business-Type Activities	(42,178)	(22,066)	78,894	(241,404)	145,608	403,691	144,669	414,138	498,161	(279,031)
<b>Total District-Wide Net Expense</b>	<b>\$ (117,086,208)</b>	<b>\$ (123,115,700)</b>	<b>\$ (122,350,138)</b>	<b>\$ (129,592,187)</b>	<b>\$ (128,285,817)</b>	<b>\$ (130,799,465)</b>	<b>\$ (135,067,736)</b>	<b>\$ (139,580,597)</b>	<b>\$ (141,547,087)</b>	<b>\$ (153,225,913)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 107,858,613	\$ 113,522,271	\$ 116,566,508	\$ 119,844,543	\$ 122,328,118	\$ 124,774,680	\$ 127,310,166	\$ 129,856,369	\$ 132,453,496	\$ 137,531,420
Taxes Levied For Debt Service	5,473,040	5,256,152	5,179,875	4,998,351	4,824,932	4,626,751	6,830,644	8,171,550	8,095,840	7,832,968
Federal and State Aid Unrestricted	4,675,225	5,635,918	5,394,973	5,723,451	5,667,033	5,652,255	5,606,723	6,118,413	6,162,208	6,173,944
Investment Earnings	147,413	104,097	20,304	17,668	21,682	53,351	277,087	607,324	517,945	724,612
Miscellaneous Income	185,687	368,633	742,648	229,302	410,355	985,249	327,667	676,348	635,398	1,936,577
Transfers	-	-	-	-	-	-	-	179,150	-	-
<b>Total Governmental Activities</b>	<b>118,339,978</b>	<b>124,887,071</b>	<b>127,904,308</b>	<b>130,813,315</b>	<b>133,252,120</b>	<b>136,092,286</b>	<b>140,352,287</b>	<b>145,609,154</b>	<b>147,864,887</b>	<b>154,199,521</b>
Business-Type Activities:										
Investment Earnings	4,104	2,427	2,246	2,071	1,985	1,669	2,073	4,792	14,305	37,928
Miscellaneous Income										
Transfers	-	-	-	-	-	-	-	(179,150)	-	-
<b>Total Business-Type Activities</b>	<b>4,104</b>	<b>2,427</b>	<b>2,246</b>	<b>2,071</b>	<b>1,985</b>	<b>1,669</b>	<b>2,073</b>	<b>(174,358)</b>	<b>14,305</b>	<b>37,928</b>
<b>Total District-Wide</b>	<b>\$ 118,344,082</b>	<b>\$ 124,889,498</b>	<b>\$ 127,906,554</b>	<b>\$ 130,815,386</b>	<b>\$ 133,254,105</b>	<b>\$ 136,093,955</b>	<b>\$ 140,354,360</b>	<b>\$ 145,434,796</b>	<b>\$ 147,879,192</b>	<b>\$ 154,237,449</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,295,948	\$ 1,793,427	\$ 5,475,276	\$ 1,462,532	\$ 4,820,695	\$ 4,889,130	\$ 5,139,882	\$ 5,614,419	\$ 5,819,639	\$ 1,252,639
Business-Type Activities	(38,074)	(19,639)	81,140	(239,333)	147,593	405,360	146,742	239,780	512,466	(241,103)
<b>Total District</b>	<b>\$ 1,257,874</b>	<b>\$ 1,773,798</b>	<b>\$ 5,556,416</b>	<b>\$ 1,223,199</b>	<b>\$ 4,968,288</b>	<b>\$ 5,294,490</b>	<b>\$ 5,286,624</b>	<b>\$ 5,854,199</b>	<b>\$ 6,332,105</b>	<b>\$ 1,011,536</b>

Source: School District's financial statements



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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Fiscal Year Ended June 30,</u>		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
					<u>2014</u>	<u>2015</u>				
<b>General Fund</b>										
Reserved	\$ 546,341									
Unreserved	2,260,009									
Nonspendable		\$ 51,745	\$ 47,811	\$ 98,510	\$ 5,500	\$ 35,335	\$ 21,876	\$ 12,200	\$ 12,200	
Restricted		469,450	2,408,526	1,484,755	5,047,571	7,841,547	13,106,296	16,663,302	17,411,830	15,718,429
Committed		95,106							694,066	1,841,766
Assigned		2,178,215	2,055,391	2,200,295	2,036,714	1,189,076	118,255	253,335	832,138	1,219,687
Unassigned	-	(161,953)	537,201	178,520	201,785	277,833	284,642	580,418	813,838	694,680
<b>Total General Fund</b>	<u>\$ 2,806,350</u>	<u>\$ 2,632,563</u>	<u>\$ 5,048,929</u>	<u>\$ 3,962,080</u>	<u>\$ 7,291,570</u>	<u>\$ 9,343,791</u>	<u>\$ 13,531,069</u>	<u>\$ 17,509,255</u>	<u>\$ 19,764,072</u>	<u>\$ 19,474,562</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 1,096,972									
Unreserved	(260,118)									
Restricted		\$ 25,111	\$ 10,124	\$ 2,316,066	\$ 678,169	\$ 90,335,118	\$ 80,207,818	\$ 56,933,623	\$ 19,888,865	\$ 8,183,410
Unassigned	-	-	(119,872)	(42,798)	(83,684)	(82,338)	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>\$ 836,854</u>	<u>\$ 25,111</u>	<u>\$ (109,748)</u>	<u>\$ 2,273,268</u>	<u>\$ 594,485</u>	<u>\$ 90,252,780</u>	<u>\$ 80,207,818</u>	<u>\$ 56,933,623</u>	<u>\$ 19,888,865</u>	<u>\$ 8,183,410</u>

Source: School District's financial statements

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Property Tax Levy	\$113,331,653	\$ 118,778,423	\$121,746,383	\$ 124,842,894	\$127,153,050	\$129,401,431	\$ 134,140,810	\$ 138,027,919	\$ 140,549,336	\$ 145,364,388
Interest Earnings	147,413	104,097	20,304	17,668	21,682	53,351	277,087	607,324	517,945	724,612
Miscellaneous	346,113	559,070	941,205	514,069	656,704	1,351,593	881,268	1,677,775	1,147,666	2,058,835
State Sources	24,641,410	20,636,160	24,265,977	27,154,099	25,646,793	27,934,086	30,928,420	33,493,455	36,199,353	40,512,536
Federal Sources	4,625,637	4,804,501	2,756,116	3,429,738	3,301,169	3,768,046	3,766,543	3,642,261	3,494,233	3,338,594
<b>Total Revenue</b>	<b>143,092,226</b>	<b>144,882,251</b>	<b>149,729,985</b>	<b>155,958,468</b>	<b>156,779,398</b>	<b>162,508,507</b>	<b>169,994,128</b>	<b>177,448,734</b>	<b>181,908,533</b>	<b>191,998,965</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	50,479,575	49,798,775	51,260,986	56,143,236	54,732,571	56,656,766	61,155,988	62,041,442	66,453,755	74,343,790
Special Education Instruction	24,208,814	25,009,408	23,478,244	27,328,262	26,318,104	27,444,933	26,605,432	27,558,120	27,601,435	27,989,359
Vocational Education- Tuition	276,847	290,720	250,761	192,500	200,630	155,650	215,633	207,875	213,482	261,392
Other Instruction	4,780,010	4,722,248	5,267,425	5,416,071	5,710,428	5,615,190	4,264,542	6,538,363	6,360,406	7,696,343
School Sponsored Activities and Athletics	1,633,437	1,552,815	1,759,726	1,771,816	1,787,615	1,780,494	2,305,978	2,020,633	2,041,598	2,086,445
Adult/Continuing Education	190,908									
<b>Support Services:</b>										
Student and Inst. Related Services	17,881,242	19,912,229	21,105,381	19,779,023	18,318,408	17,830,765	20,358,885	20,539,951	21,388,567	23,443,429
School Administrative Services	6,053,385	5,858,446	6,321,732	6,857,877	7,000,686	7,306,968	6,968,106	7,244,714	7,439,705	8,484,944
General Administrative	1,909,371	2,114,949	2,251,227	2,594,094	2,486,621	2,197,604	2,429,740	2,420,246	2,731,384	2,634,719
Plant Operations And Maintenance	14,325,775	13,943,526	12,957,922	13,672,081	14,210,136	16,007,608	16,665,237	16,272,328	16,478,657	18,039,493
Pupil Transportation	12,594,331	12,702,501	12,750,025	13,274,603	13,463,141	13,477,190	13,087,024	13,456,970	13,245,003	13,180,793
Other Support Services	2,992,863	2,624,129	2,639,022	2,894,371	3,079,272	3,127,798	2,907,905	3,440,528	3,630,295	3,664,299
Employee Benefits										
<b>Special Schools</b>										
Capital Outlay	2,201,438	2,011,559	2,226,152	2,796,427	2,213,056	2,755,435	10,879,891	24,647,177	39,484,936	15,038,020
<b>Debt Service:</b>										
Principal	3,715,000	3,365,000	3,350,000	4,049,267	4,074,459	4,035,028	4,085,717	6,691,529	5,915,000	6,920,341
Interest and Other Charges	1,686,716	1,962,476	1,829,875	1,826,494	1,533,564	1,421,562	4,029,647	3,844,017	3,714,251	3,505,777
<b>Total Expenditures</b>	<b>144,929,712</b>	<b>145,868,781</b>	<b>147,448,478</b>	<b>158,596,122</b>	<b>155,128,691</b>	<b>159,812,991</b>	<b>175,959,725</b>	<b>196,923,893</b>	<b>216,698,474</b>	<b>207,289,144</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(1,837,486)	(986,530)	2,281,507	(2,637,654)	1,650,707	2,695,516	(5,965,597)	(19,475,159)	(34,789,941)	(15,290,179)
<b>Other Financing Sources (Uses)</b>										
Refunding Bonds Issued				3,220,000	-	-	8,700,000			
Payment to Refunded Bond Escrow Agent				(3,258,625)	-	-	(9,851,130)			
Original Issue Premium				122,446	-	-	1,259,043			
Bond Proceeds						81,480,000	-	-	-	-
Lease Purchase Proceeds				3,850,000	-	7,535,000	-	-	-	3,295,214
Transfers In	2,684,056		536,238	1,344,066	409,041	4,323,252	4,081,918	2,618,928	6,226,843	382,455
Transfers Out	(2,684,056)		(536,238)	(1,344,066)	(409,041)	(4,323,252)	(4,081,918)	(2,439,778)	(6,226,843)	(382,455)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,933,821</b>	<b>-</b>	<b>89,015,000</b>	<b>107,913</b>	<b>179,150</b>	<b>-</b>	<b>3,295,214</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,837,486)</b>	<b>\$ (986,530)</b>	<b>\$ 2,281,507</b>	<b>\$ 1,296,167</b>	<b>\$ 1,650,707</b>	<b>\$ 91,710,516</b>	<b>\$ (5,857,684)</b>	<b>\$ (19,296,009)</b>	<b>\$ (34,789,941)</b>	<b>\$ (11,994,965)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	3.78%	3.70%	3.57%	3.77%	3.67%	3.47%	4.92%	6.12%	5.43%	5.42%

\* Noncapital expenditures are total expenditures less capital outlay.

Source: School District's financial statements

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u> *	<u>Energy Rebates &amp; E-Rate</u>	<u>Sale of Computers &amp; Related Supplies</u>	<u>Total</u>
2010	\$ 147,413	\$ 302,896			\$ 450,309
2011	104,097	520,540			624,637
2012	20,304	902,981			923,285
2013	17,410	428,602			446,012
2014	21,599	410,790			432,389
2015	41,665	1,308,881	\$ 40,743		1,391,289
2016	44,158	677,078	188,129		909,365
2017	109,925	1,069,285	147,738		1,326,948
2018	248,339	746,635	388,066		1,383,040
2019	593,931	609,172		\$ 1,327,405	2,530,508

Source: District Records

\* Excludes tuition and transportation fees

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2010	\$ 169,438,250	\$6,132,246,200	\$ 53,574,000	\$ 2,591,200	\$ 1,519,943,600	\$ 956,461,000	\$ 369,729,000	\$9,203,983,250	\$ 17,107,016	\$9,221,090,266	\$ 8,807,985,422	\$ 1.259
2011	145,990,550	6,140,490,060	53,565,500	2,515,100	1,575,946,400	930,753,500	373,499,000	9,222,760,110	13,553,369	9,236,313,479	9,038,656,371	1.947
2012	135,353,750	6,011,415,000	52,982,700	2,531,400	1,512,771,600	870,587,700	380,959,000	8,966,601,150	13,443,173	8,980,044,323	8,716,929,024	1.373
2013	127,484,650	5,921,770,300	52,241,000	2,451,900	1,480,199,000	865,740,400	403,781,000	8,853,668,250	15,113,394	8,868,784,644	8,939,497,440	1.421
2014	129,253,500	5,983,129,300	53,223,300	2,449,300	1,465,301,800	881,516,000	423,310,000	8,938,183,200	12,878,452	8,951,061,702	8,934,609,316	1.434
2015	114,843,950	6,108,979,900	53,503,200	2,436,200	1,458,437,700	876,347,100	430,110,700	9,044,658,750	13,834,966	9,058,493,716	9,086,544,843	1.455
2016	105,991,250	6,264,115,500	53,070,100	2,314,900	1,439,253,800	892,254,300	474,560,700	9,231,560,550	14,642,198	9,246,202,748	9,190,912,559	1.472
2017	99,770,650	6,366,488,100	52,349,100	2,283,000	1,502,516,000	929,682,300	542,940,000	9,496,029,150	14,934,510	9,510,963,660	9,434,853,645	1.465
2018	101,772,150	6,521,617,200	52,797,000	2,217,600	1,498,053,600	1,001,819,500	613,370,000	9,791,647,050	15,544,197	9,807,191,247	10,002,118,920	1.458
2019	165,171,550	6,768,367,300	51,353,600	2,039,300	1,528,973,200	1,031,841,800	634,045,000	10,181,791,750	16,530,933	10,198,322,683	10,408,318,968	1.444

Source: County Abstract of Ratables

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

<u>Calendar Year</u>	<u>Local School</u>	<u>Municipal Tax</u>	<u>County Tax</u>	<u>Total Tax Levy</u>
2019	\$ 147,251,254	\$ 43,754,548	\$ 36,572,646	\$ 227,578,448
2018	142,956,862	43,408,523	35,001,914	221,367,299
2017	140,847,318	42,795,871	33,317,992	216,961,181
2016	136,084,365	42,597,608	32,194,174	210,876,147
2015	131,771,120	41,904,020	31,480,957	205,156,097
2014	128,277,241	40,774,660	30,571,732	199,623,633
2013	125,997,973	39,480,257	29,671,271	195,149,501
2012	123,294,639	38,261,670	29,745,051	191,301,359
2011	120,262,403	34,291,090	26,892,382	181,445,875
2010	116,055,038	34,947,230	28,443,626	179,445,894

**Per \$100 Of Assessed Valuation**

2019	1.444	0.428	0.360	2.232
2018	1.458	0.358	0.323	2.139
2017	1.465	0.449	0.348	2.262
2016	1.472	0.46	0.349	2.281
2015	1.455	0.462	0.348	2.265
2014	1.434	0.455	0.342	2.231
2013	1.421	0.445	0.335	2.201
2012	1.373	0.426	0.332	2.131
2011	1.302	0.421	0.323	2.046
2010	1.259	0.378	0.31	1.947

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

Taxpayer	2019	
	Taxable Assessed Value	% of Total District Net Assessed Value
Morgan Stanley Mgt. % Frank Torres	\$ 98,000,000	0.961%
800 Cottontail, LLC % Sentinel Critica	87,668,704	0.860%
AvalonBay Communities, Inc.	87,500,000	0.858%
Franklin Greens c/o Fieldstone Properties	71,720,000	0.703%
Bridge Point Somerset, LLC	62,502,000	0.613%
Levin Properties, LP	57,950,000	0.568%
Atrium, LLC	54,400,000	0.533%
PR KC Somersetownerco, LP Prudential	54,057,500	0.530%
Green Hill Manor Villa, LLC	53,700,000	0.527%
La Fonge Assoc c/o Jackie Nagel	50,500,000	0.495%
	<b>\$ 677,998,204</b>	<b>6.649%</b>

Taxpayer	2010	
	Taxable Assessed Value	% of Total District Net Assessed Value
I & G Garden State, LLC	\$ 121,600,000	1.319%
290 Davidson Avenue	58,542,000	0.635%
Corporate Real Est. Holding %C&W Inc.	55,940,000	0.607%
SunTrust Bank C/O Cardinal Trust	54,859,500	0.595%
Segal Realty Corp.	52,700,000	0.572%
Levin Properties, LP	50,232,000	0.545%
Green Hill Manor Developers LLC	46,600,000	0.505%
Philips Electronics	45,000,000	0.488%
La Fonge Associates	40,150,000	0.435%
Wood West Realty, LLC	39,900,000	0.433%
	<b>\$ 565,523,500</b>	<b>6.133%</b>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 113,331,653	\$ 113,331,653	100.00%	-
2011	118,778,423	118,778,423	100.00%	-
2012	121,746,383	121,193,063	99.55%	\$ 553,320
2013	124,842,894	124,842,894	100.00%	-
2014	127,153,050	127,153,050	100.00%	-
2015	129,401,431	129,401,431	100.00%	-
2016	134,140,810	134,140,810	100.00%	-
2017	138,027,919	138,027,919	100.00%	-
2018	140,549,336	140,549,336	100.00%	-
2019	145,364,388	145,364,388	100.00%	-

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchase Agreements			
2010	\$ 46,445,000		\$ 46,445,000	62,903	\$ 738
2011	43,080,000		43,080,000	62,516	689
2012	39,730,000		39,730,000	62,987	631
2013	36,460,000	\$ 3,095,733	39,555,733	63,394	624
2014	33,145,000	2,336,274	35,481,274	64,757	548
2015	111,360,000	9,101,246	120,461,246	64,964	1,854
2016	107,195,000	8,235,529	115,430,529	65,303	1,768
2017	101,510,000	7,229,000	108,739,000	65,503	1,660
2018	95,815,000	7,009,000	102,824,000	65,705	1,565
2019	89,980,000	9,218,873	99,198,873	65,834 (E)	1,507

(E) Estimated

Source: District records



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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2010	\$ 46,445,000		\$ 46,445,000	0.50%	\$ 738
2011	43,080,000		43,080,000	0.47%	689
2012	39,730,000		39,730,000	0.44%	631
2013	36,460,000		36,460,000	0.41%	575
2014	33,145,000		33,145,000	0.37%	512
2015	111,360,000		111,360,000	1.23%	1,714
2016	107,195,000	\$ 18,276	107,176,724	1.16%	1,641
2017	101,510,000	209,062	101,300,938	1.07%	1,547
2018	95,815,000	203,025	95,611,975	0.97%	1,455
2019	89,980,000		89,980,000	0.88%	1,367

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF DECEMBER 31, 2018**  
**(Unaudited)**

	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable</u>	<u>Amount</u> <u>Applicable to</u> <u>Government</u>
<b>Overlapping Debt Apportioned to the Municipality:</b>			
<b>Municipal Debt (1)</b>			
Township of Franklin	\$ 60,205,521	100.00%	\$ 60,205,521
<b>County Debt (2)</b>			
Somerset County	60,273,823		60,273,823
<b>Other (3)</b>			
Franklin Township Sewerage Authority	21,658,895	100.00%	<u>21,658,895</u>
<b>Total Overlapping Debt</b>			<u>142,138,239</u>
Direct Debt- Franklin Township Public Schools (as of June 30, 2019)			<u>99,198,873</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 241,337,112</u>

## Source:

(1) Township's 2018 Annual Debt Statement

(2) The debt for this entity was apportioned to Township by dividing the municipality's 2018 equalized value by the total 2018 equalized value for Somerset County.

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

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

**Legal Debt Margin Calculation for Fiscal Year 2019**

	Equalized valuation basis
	2018 \$ 10,541,120,734
	2017 10,090,350,813
	2016 <u>9,220,495,955</u>
	<u>\$ 29,851,967,502</u>
Average equalized valuation of taxable property	\$ 9,950,655,834
Debt limit (4 % of average equalization value)	398,026,233 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>89,980,257</u>
Legal debt margin	<u>\$ 308,045,976</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 373,690,715	\$ 380,696,199	\$ 380,821,265	\$ 362,382,359	\$ 362,382,359	\$ 356,377,811	\$ 357,946,605	\$ 363,506,706	\$ 377,640,821	\$ 398,026,233
Total Net Debt Applicable to Limit	<u>46,445,638</u>	<u>43,080,638</u>	<u>39,730,638</u>	<u>36,460,000</u>	<u>33,145,000</u>	<u>111,360,257</u>	<u>107,195,257</u>	<u>101,510,257</u>	<u>95,815,257</u>	<u>89,980,257</u>
Legal Debt Margin	<u>\$ 327,245,077</u>	<u>\$ 337,615,561</u>	<u>\$ 341,090,627</u>	<u>\$ 325,922,359</u>	<u>\$ 329,237,359</u>	<u>\$ 245,017,554</u>	<u>\$ 250,751,348</u>	<u>\$ 261,996,449</u>	<u>\$ 281,825,564</u>	<u>\$ 308,045,976</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.43%	11.32%	10.43%	10.06%	9.15%	31.25%	29.95%	27.93%	25.37%	22.61%

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

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

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

<u>Year Ended December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (Somerset County)</u>	<u>Population</u>
2010	8.5%	\$ 72,522	62,903
2011	8.5%	68,651	62,516
2012	8.0%	69,171	62,987
2013	8.3%	71,333	63,394
2014	7.3%	74,885	64,757
2015	5.7%	77,955	64,964
2016	4.9%	82,689	65,303
2017	4.6%	87,515	65,303
2018	4.2%	90,941	65,705
2019	3.8%	96,548	65,834

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

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

<u>Employer</u>	<u>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>

INFORMATION NOT AVAILABLE

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 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	749	697	463	487	491	497	495	497	499	493
Special Education			296	277	279	281	285	286	292	296
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	109	148	151	142	143	144	146	147	149	151
General Administration	6	8	7	7	6	6	6	6	6	6
School Administrative Services	47	50	49	47	46	46	46	47	47	47
Other Administrative Services										
Central Services	18	17	17	18	19	19	19	19	19	19
Administrative Information Technology	10	10	9	11	11	11	11	11	11	11
Plant Operations And Maintenance	130	123	144	148	147	146	146	146	146	146
Pupil Transportation	28	26	22	24	24	22	21	19	16	15
Other Support Services	-									
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>1,097</u>	<u>1,077</u>	<u>1,158</u>	<u>1,161</u>	<u>1,166</u>	<u>1,172</u>	<u>1,175</u>	<u>1,178</u>	<u>1,185</u>	<u>1,184</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2010	8,120	\$ 137,326,558	\$ 16,912	-0.19%	725	11.6:1	8.0:1	11.7:1	7,747	7,363	1.93%	95.04%
2011	8,172	138,529,746	16,952	0.23%	747	11.6:1	8.0:1	11:06	7,826	7,453	1.02%	95.23%
2012	8,145	140,042,451	17,194	1.43%	641	12:07:01	9:08:01	12:01	7,767	7,420	-0.75%	95.53%
2013	8,281	149,923,934	18,105	5.30%	644	11.1:1	9.6:1	11.8:1	7,640	7,272	-1.64%	95.18%
2014	8,138	147,307,612	18,101	-0.02%	653	12.1:2	10.2:1	12.1:1	7,633	7,276	-0.09%	95.32%
2015	7,782	151,600,966	19,481	7.62%	659	11.7:1	10:01	10.8:1	7,494	7,144	-1.82%	95.33%
2016	7,560	156,964,470	20,762	6.58%	665	11.4:1	9.95:1	10.6:1	7,298	6,966	-2.62%	95.45%
2017	7,819	161,741,170	20,686	-0.37%	704	7.6:1	12.2:1	15.2:1	7,203	6,864	-1.30%	95.29%
2018	7,243	167,584,287	23,137	11.85%	692	7.4:1	10.5:1	11.4:1	7,097	6,736	-1.47%	94.91%
2019	7,802	181,825,006	23,305	0.72%	789	7.4:1	10.5:1	11.4:1	6,998	6,643	-1.39%	94.93%

Sources: District records

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

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

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>District Building</b>											
<b>Elementary</b>											
Conerly Road School (1966, Add 1998)											
Square Feet		46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495
Capacity (students)		410	410	410	410	410	410	410	410	410	410
Enrollment		486	502	480	453	448	435	409	427	343	433
Elizabeth Ave School (1957, Add 1998, 2004)											
Square Feet	** (4)	48,919	48,919	48,919	48,919	48,919	48,919	58,159	58,159	58,159	58,159
Capacity (students)		513	513	513	513	513	513	513	513	513	513
Enrollment		489	614	624	624	653	659	617	582	544	531
Franklin Park School (1998)											
Square Feet		99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)		773	773	773	773	773	773	773	773	773	773
Enrollment (inc. Annex)		1,106	904	877	875	940	890	842	786	781	739
Franklin Park Annex (1957)											
Square Feet	** (1)	18,247	23,827	23,827	23,827	inc above	inc above	inc above	inc above	inc above	inc above
Capacity (students)		87	135	135	135	inc above	inc above	inc above	inc above	inc above	inc above
Enrollment		79	138	139	108	-	-	-	-	-	-
Hillcrest School (1958)											
Square Feet	** (2)	52,122	52,122	52,122	52,122	52,122	52,122	56,742	56,742	56,742	56,742
Capacity (students)		488	488	488	488	488	488	488	488	488	488
Enrollment		483	507	465	440	422	392	422	429	411	468
MacAfee Road School (1966, Add 2004)											
Square Feet	** (2)	46,449	46,449	46,449	46,449	46,449	46,449	51,069	51,069	51,069	51,069
Capacity (students)		432	432	432	432	432	432	432	432	432	432
Enrollment		496	489	492	470	447	429	413	396	395	418
Pine Grove Manor (1931, Add 2004)											
Square Feet	** (1)	51,212	51,212	51,212	51,212	51,212	51,212	53,522	53,522	53,522	53,522
Capacity (students)		400	400	400	400	400	400	400	400	400	400
Enrollment		443	453	439	443	414	396	385	388	345	381
Sampson G. Smith School (1968)- Middle School											
Square Feet	** (2)	134,290	134,290	134,290	134,290	134,290	134,290	138,910	138,910	138,910	138,910
Capacity (students)		1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051
Enrollment		1,110	1,192	1,164	1,136	1,134	1,086	1,031	1,027	1,036	855



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>District Building</u></b>										
Claremont Elementary (2018)										
Square Feet										123,665
Capacity (students)										1,004
Enrollment										708
<b><u>Middle School (2006) /High School (1960-2005)</u></b>										
Franklin Middle School (1960)										
Square Feet	228,078	228,078	228,078	222,553	222,553	222,553	222,553	222,553	222,553	222,553
Capacity (students)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Enrollment	1,032	1,044	1,055	1,060	1,092	1,084	1,093	1,042	980	819
<b><u>High School</u></b>										
Franklin High School (2005)										
Square Feet	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000
Capacity (students)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Enrollment	2,017	1,977	2,013	2,036	2,100	2,127	2,090	2,116	2,186	2,204

Number of Schools at June 30, 2019  
 Elementary = 6  
 Middle School = 2  
 Senior High School = 1

Source: District Records

\*\*Facility square footage includes trailers at site

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

*School Facilities	Project #	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Franklin Twp. High School	NA	\$ 152,585	\$ 123,938	\$ 148,185	\$ 148,648	\$ 140,938	\$ 221,911	\$ 136,353	\$ 146,216	\$ 184,972	\$ 366,716
Franklin Middle School	NA	153,891	145,532	140,082	115,695	119,165	93,287	164,207	73,032	158,936	211,493
Conerly Road School	NA	38,333	18,716	15,145	16,368	8,348	30,656	15,955	10,527	43,974	33,249
Elizabeth Ave School	NA	68,865	17,876	50,624	76,991	35,189	38,394	17,398	40,294	31,295	37,810
Franklin Park School	NA	74,180	58,536	90,434	139,129	67,150	70,518	49,990	88,298	91,543	88,455
Hillcrest School	NA	36,424	33,249	89,175	59,052	23,924	36,633	18,897	39,808	68,282	45,619
MacAfee Road School	NA	51,578	24,842	61,531	75,516	31,004	85,723	21,035	14,700	47,370	23,168
Pine Grove Manor School	NA	87,301	36,268	71,241	33,320	64,253	89,832	35,213	16,420	20,907	36,805
Sampson G. Smith School	NA	140,306	130,338	72,249	143,202	136,736	97,752	44,107	98,946	106,047	95,461
Claremont Road School	NA	- 0	-	-	-	-	-	-	-	-	14,817
<b>Total School Facilities</b>		<b>\$ 803,463</b>	<b>\$ 589,295</b>	<b>\$ 738,666</b>	<b>\$ 807,921</b>	<b>\$ 626,707</b>	<b>\$ 764,706</b>	<b>\$ 503,155</b>	<b>\$ 528,241</b>	<b>\$ 753,326</b>	<b>\$ 953,593</b>
<b>Other Facilities</b>											
Kingston School											
Administration Building		\$ 20,551	\$ 15,261	\$ 41,640	\$ 21,824	\$ 19,950	\$ 107,302	\$ 42,930	\$ 12,115	\$ 56,417	\$ 11,445
Maintenance Building		28,418	34,100	41,740	37,215	54,843	58,019		31,169	60,393	52,639
Transportation Trailer		1,412	1,988	4,064	1,718	3,232	15,309		269	32	
Bunker Hill Environmental Center		6,033	668	-	-	-	-	-	-	-	-
<b>Total Other Facilities</b>		<b>\$ 56,414</b>	<b>\$ 52,017</b>	<b>\$ 87,444</b>	<b>\$ 60,757</b>	<b>\$ 78,025</b>	<b>\$ 180,630</b>	<b>\$ 42,930</b>	<b>\$ 43,553</b>	<b>\$ 116,842</b>	<b>\$ 64,084</b>
<b>Grand Total</b>		<b>\$ 859,877</b>	<b>\$ 641,312</b>	<b>\$ 826,110</b>	<b>\$ 868,678</b>	<b>\$ 704,732</b>	<b>\$ 945,336</b>	<b>\$ 546,085</b>	<b>\$ 571,794</b>	<b>\$ 870,168</b>	<b>\$ 1,017,677</b>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2019**  
**(UNAUDITED)**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2019**  
**(UNAUDITED)**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2019**  
**(UNAUDITED)**

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

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Franklin Township Public Schools' basic financial statements and have issued our report thereon dated November 20, 2019.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Whatever 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 Franklin Township Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Franklin Township Public Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Franklin Township Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Franklin Township Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 20, 2019.

### **Franklin Township Public Schools' Responses to Findings**

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

### **Purpose of this Report**

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

*Lerch, Vinci & Higgins, LLP*

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

*Donna L. Japhet*

Donna L. Japhet  
Public School Accountant  
PSA Number CS02314

Fair Lawn, New Jersey  
November 20, 2019





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2019-003. Our opinion on each major federal and state program is not modified with respect to this matter.

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

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

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

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

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

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

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

We have audited the financial statements of the Franklin Township Public Schools, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 20, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Donna L. Japhet  
Public School Accountant  
PSA Number CS02314

Fair Lawn, New Jersey  
November 20, 2019

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

041

Federal/Grantor/Pass-Through Grant Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grand Period	Award Amount	Balance, July 1, 2018	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment-Prior Year Encumbrances	Repayment of prior year Balance	Adjustment Carryover- Receivables	Balance, June 30, 2019			MEMO GAAP Receivable	
													(Accounts Receivable)	Unearned Revenue	Due To Grantor		
<b>U.S. Department of Health &amp; Human Services- Passed through State Dept. of Education General Fund</b>																	
Medical Assistance Program	93.778	1805NJ5MAP	N/A	7/1/18-6/30/19	\$ 286,930	-	-	\$ 286,930	\$ 286,930	-	-	-	-	-	-	-	-
Total U.S. Department of Health and Human Services/General Fund						-	-	286,930	286,930	-	-	-	-	-	-	-	-
<b>U.S. Department of Education Passed-through State Dept. of Education</b>																	
ESEA Title I A	84.010	S010A170030	ESEA1610-18	7/1/17-6/30/18	846,759	\$ (134,839)	\$ (60,940)	134,839				\$ 60,940					
ESEA Title I A	84.010	S010A180030	NCLB1610-19	7/1/18-3/30/19	816,802		60,940	512,314	720,482	\$ 2,200		(60,940)	\$ (365,428)	\$ 159,460		\$ (205,968)	
ESEA Reallocated Title I	84-010	S010A180030	NCLB1610-19	2/1/19-9/30/19	106,112				26,624				(106,112)	79,488		(26,624)	
ESEA Title IIA	84.367A	S367A170029	ESEA 1610-18	7/1/17-6/30/18	185,377	(50,124)	(37,475)	50,124				37,475	-	-		-	
ESEA Title IIA	84.367A	S367A180029	NCLB 1610-19	7/1/18-6/30/19	197,003		37,475	104,060	134,774			(37,475)	(130,418)	99,704		(30,714)	
ESEA Title III	84.365A	S365A170030	ESEA 1610-18	7/1/17-6/30/18	135,315	(9,701)	(38,364)	9,701				38,364	-	-		-	
NCLB Title III	84.365A	S365A180030	NCLB 1610-19	7/1/18-6/30/19	173,936		38,364	116,972	176,010			(38,364)	(95,328)	36,290		(59,038)	
ESEA Title III- Immigrant	84.365A	S365A170030	ESEA 1610-18	7/1/17-6/30/18	21,793	-	(668)					668	-	-		-	
NCLB Title III- Immigrant	84.365A	S365A180030	NCLB 1610-19	7/1/18-6/30/19			668					(668)	(668)	668		-	
I.D.E.A. Part B, Preschool	84.173	H183A170114	PS-0555-18	7/1/17-6/30/18	63,281	(11,726)	(609)	11,726				609	-	-		-	
I.D.E.A. Part B, Preschool	84.173	H193A180114	PS-0555-19	7/1/18-9/30/19	64,929		609	42,284	65,538			(609)	(23,254)	-		(23,254)	
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	FT-0555-18	7/1/17-6/30/18	1,931,590	(225,678)	(122,574)	225,903				122,574	-	-	\$ 225	-	
I.D.E.A. Part B, Basic Regular	84.027	H027A180100	FT-0555-19	7/1/18-9/30/19	1,927,498	-	122,574	1,462,942	1,939,136			(122,574)	(587,130)	110,936	-	(476,194)	
Total Special Education Cluster IDEA						(237,404)	-	1,742,855	2,004,674	-	-	-	(610,384)	110,936	225	(499,448)	
Temporary Emergency Impact Aid	84.938C	S938C18005	N/A	7/1/17-6/30/18	64,750	(64,750)	-	64,750	-	-	-	-	-	-	-	-	
Total U.S. Department of Education/Special Revenue Fund						(496,818)	-	2,735,615	3,062,564	2,200	-	-	(1,308,338)	486,546	225	(821,792)	
<b>U.S. Department of Agriculture Passed-through State Dept. of Ed. Enterprise Fund:</b>																	
National School Lunch Program	10.555		N/A														
Cash Assistance		191NJ304N1099		7/1/18-6/30/19	1,474,586			\$ 1,138,761	1,474,586				(335,825)			(335,825)	
Cash Assistance		181NJ304N1099		7/1/17-6/30/18	1,521,143	(144,828)		144,828									
Non-Cash Assistance				7/1/18-6/30/19	276,501			276,501	262,544					13,957			
Non-Cash Assistance				7/1/17-6/30/18	262,249	17,346			17,346								
School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/17-6/30/19	687,357			524,777	687,357				(162,580)			(162,580)	
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	700,630	(70,777)		70,777									
Total National School Lunch Program Cluster						(198,259)	-	2,155,644	2,441,833	-	-	-	(498,405)	13,957	-	(498,405)	
Total Federal Financial Awards						\$ (695,077)	\$ -	\$ 5,178,189	\$ 5,791,327	\$ 2,200	\$ -	\$ -	\$ (1,806,743)	\$ 500,503	\$ 225	\$ (1,320,197)	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2019			MEMO	
									(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>													
<i>General Fund:</i>													
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 5,044,696		\$ 4,571,281	\$ 5,044,696			\$ (473,415)				\$ 5,044,696
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18		(470,121)	470,121								
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	5,706,043		5,170,564	5,706,043			(535,479)				5,706,043
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18		(531,751)	531,751								
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	1,581,446		1,433,037	1,581,446			(148,409)				1,581,446
Security Aid	18-495-034-5120-084	7/1/17-6/30/18		(147,376)	147,376								
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	80,870		(7,536)	7,536							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	80,870		(7,536)	7,536							
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	77,870		(7,257)	7,257							
Total State Aid Public Cluster				(1,171,577)	12,346,459	12,332,185			(1,157,303)				12,332,185
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	1,634,154		1,480,798	1,634,154			(153,356)				1,634,154
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18		(85,461)	85,461								
Additional Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	298,885			277,091			(277,091)		\$ (277,091)		277,091
Additional Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18		(298,885)	298,885								
Total Transportation Aid Cluster				(384,346)	1,865,144	1,911,245			(430,447)			(277,091)	1,911,245
Extraordinary Aid	19-100-037-5120-473	7/1/18-6/30/19				1,696,514			(1,696,514)				1,696,514
Extraordinary Aid	18-100-037-5120-473	7/1/17-6/31/18	1,349,927	(1,349,927)	1,349,927								
On-behalf TPAF Pension System Contr-Normal Cost & Accrued Liab.	19-495-034-5094-002	7/1/18-6/30/19	10,367,489		10,367,489	10,367,489							10,367,489
On-behalf TPAF Pension System Contr-Non-Contributory Ins.	19-495-034-5094-004	7/1/18-6/30/19	217,019		217,019	217,019							217,019
On-behalf TPAF Pension System Contr-Long Term Disability Ins.	19-495-034-5094-001	7/1/18-6/30/19	13,525		13,525	13,525							13,525
On-behalf TPAF Pension System Contr-Post-Retirement Medical Contributions	19-495-034-5094-001	7/1/18-6/30/19	4,801,116		4,801,116	4,801,116							4,801,116
Total On-Behalf TPAF Contribution Cluster					15,399,149	15,399,149							15,399,149
Reimbursed TPAF Social Security	19-100-034-5094-003	7/1/18-6/30/19			3,835,292	4,037,618			(202,326)			(202,326)	4,037,618
Reimbursed TPAF Social Security	18-100-034-5094-003	7/1/17-6/30/18	4,045,992	(388,498)	388,498								
Total General Fund				(3,294,348)	35,184,469	35,376,711			(3,486,590)			(479,417)	35,376,711
<i>Special Revenue Fund:</i>													
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19	3,441,152		3,045,957	3,011,378	\$ 549,095		\$ (395,195)	\$ 978,869			3,011,378
Preschool Expansion Education Aid	19-495-034-5120-086	7/1/18-6/30/19	510,796		510,796	510,796							510,796
Preschool Education Aid	18-495-034-5120-086	7/1/17-6/30/18	2,502,615	506,409	275,950					782,359			
Preschool Education Aid	17-495-034-5120-086	7/1/16-6/30/17	1,720,995	296,095			(296,095)						
New Jersey Nonpublic Aid													
Textbook Aid (Ch. 194)	18-100-034-5120-064	7/1/17-6/30/18	75,759	4,345				\$ 4,345					
Textbook Aid (Ch. 194)	19-100-034-5120-064	7/1/18-6/30/19	70,222		70,222	68,037				\$ 2,185			68,037
Technology	18-100-034-5120-373	7/1/17-6/30/18	51,171	565				565					
Technology	19-100-034-5120-373	7/1/18-6/30/19	47,340		47,340	46,804					536		46,804
Security	18-100-034-5120-509	7/1/17-6/30/18	108,375	27,327	75			27,327				75	
Security	19-100-034-5120-509	7/1/18-6/30/19	208,800		208,800	120,199					88,601		120,199
Auxiliary Services (Chap. 192)													
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	54,036	28,347				28,347					
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	60,914		60,914	58,376				2,538			58,376
Transportation Aid	19-100-034-5120-067	7/1/18-6/30/19	10,285		10,285	10,285							10,285
Total Nonpublic Auxiliary Services Aid (Chap 192) Cluster				28,347	71,199	68,661			28,347		2,538		68,661
Handicapped Services (Ch. 193)													
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	31,401		31,401	31,401							31,401
Examination & Classification	18-100-074-5120-066	7/1/17-6/30/18	51,870	2,732					2,732				
Examination & Classification	19-100-074-5120-066	7/1/18-6/30/19	68,234		68,234	45,318				22,916			45,318
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	24,909		24,909	24,909							24,909
Total Nonpublic Handicapped Services Aid (Chap 193) Cluster				2,732	124,544	101,628			2,732		22,916		101,628
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	140,165		6,558						6,558		
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	135,024		135,024	128,555					6,469		128,555
Home Instruction	18-100-034-5120-067	7/1/17-6/30/18	2,030	(2,030)									
Home Instruction	19-100-034-5120-070	7/1/18-6/30/19											
Total Special Revenue Fund				863,790	4,498,495	4,056,058	253,000	(1)	63,316	(395,195)	1,761,228	129,878	4,056,058

(1) Adjustment represents Local Contribution from General Fund



FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2019			MEMO	
									(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>													
<b>Capital Projects Fund</b>													
School Development Authority	1610-055-14-1006-G04		\$ 470,290	\$ (162,705)		\$ 260,556			\$ (423,261)			\$ (423,261)	\$ 470,290
School Development Authority	1610-070-14-1007-G04		250,000	(155,852)		14,443		(250,000)	\$ 79,705			(250,000)	170,295
School Development Authority	1610-070-14-1008-G04		25,001	(7,243)		17,758		(25,001)				(25,001)	25,001
School Development Authority	1610-160-14-1025-G04		205,000	(106,876)		98,124		(205,000)				(205,000)	205,000
School Development Authority	1610-100-14-1011-G04		530,761	(117,857)		359,828		(477,685)				(477,685)	530,761
School Development Authority	1610-115-14-1016-G04		287,259	(40,632)		39,279		(287,259)		207,348		(287,259)	79,911
School Development Authority	1610-140-14-1017-G04		288,483	(108,657)				(108,657)				(108,657)	288,483
School Development Authority	1610-150-14-1021-G04		218,708	(43,741)				(43,741)				(43,741)	218,708
School Development Authority	1610-150-14-1022-G04		451,804	(451,804)				(451,804)				(451,804)	451,804
School Development Authority	1610-150-14-1029-G04		182,789	(36,558)				(36,558)				(36,558)	182,789
<b>Total School Development Authority Cluster/ Capital Projects Fund</b>				<b>(1,231,925)</b>	<b>-</b>	<b>789,988</b>	<b>-</b>	<b>-</b>	<b>(2,308,966)</b>	<b>287,053</b>	<b>-</b>	<b>(2,308,966)</b>	<b>4,293,984</b>
<b>Debt Service Fund</b>													
Debt Service Aid	19-495-064-5120-075	7/1/18-6/30/19	943,257	-	\$ 943,257	943,257	-	-	-	-	-	-	943,257
<b>Total Debt Service Aid</b>				<b>-</b>	<b>943,257</b>	<b>943,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>943,257</b>
<b>State Department of Agriculture</b>													
<b>Enterprise Fund</b>													
National School Lunch Program	19-100-034-5120-122	7/1/18-6/30/19	37,163	(3,614)	28,238	37,163	-	(8,925)	-	-	-	(8,925)	37,163
National School Lunch Program	18-100-034-5120-122	7/1/17-6/30/18	38,180	-	3,614	-	-	-	-	-	-	-	-
<b>Total Department of Agriculture/Enterprise Fund</b>				<b>(3,614)</b>	<b>31,852</b>	<b>37,163</b>	<b>-</b>	<b>(8,925)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,925)</b>	<b>37,163</b>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (3,666,097)</b>	<b>\$ 40,658,073</b>	<b>\$ 41,203,177</b>	<b>\$ 253,000</b>	<b>\$ 63,316</b>	<b>\$ (6,199,676)</b>	<b>\$ 2,048,281</b>	<b>\$ 129,878</b>	<b>\$ (2,797,308)</b>	<b>\$ 44,707,173</b>
<b>State Financial Assistance Not Subject to Single Audit Major Program Determination</b>													
<b>General Fund</b>													
On-Behalf TPAF Pension System Contribution					(10,598,033)	(10,598,033)							(10,598,033)
On-Behalf TPAF Post-Retirement Med. Contrib.					(4,801,116)	(4,801,116)							(4,801,116)
<b>Total State Financial Assistance Subject to Single Audit Major Programs Determination</b>				<b>\$ (3,666,097)</b>	<b>\$ 25,258,924</b>	<b>\$ 25,804,028</b>	<b>\$ 253,000</b>	<b>\$ 63,316</b>	<b>\$ (6,199,676)</b>	<b>\$ 2,048,281</b>	<b>\$ 129,878</b>	<b>\$ (2,797,308)</b>	<b>\$ 29,308,024</b>

(2) Adjustment represents grant balance cancelled

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$400,208 for the general fund and a decrease of \$11,170 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	\$ 286,930	\$ 34,976,503	\$ 35,263,433
Special Revenue Fund	3,051,664	3,802,788	6,854,452
Capital Projects Fund		789,988	789,988
Debt Service Fund		943,257	943,257
Food Service Fund	<u>2,441,833</u>	<u>37,163</u>	<u>2,478,996</u>
Total Awards Financial Assistance	<u>\$ 5,780,427</u>	<u>\$ 40,549,699</u>	<u>\$ 46,330,126</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$4,037,618 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 \$10,584,508, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,801,116 and TPAF Long-Term Disability Insurance in the amount of \$13,525 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 payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

**Federal Awards Section**

Internal Control over compliance:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
<u>84.173</u>	<u>H183A180114</u>	<u>IDEA, Part B Preschool</u>
<u>84.027</u>	<u>H027A180100</u>	<u>IDEA, Part B, Basic</u>
<u>10.555</u>	<u>181NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>181NJ304N1099</u>	<u>School Breakfast Program</u>

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

Auditee qualified as low-risk auditee?     X     yes                      no

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs    \$ 774,121

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part 2 – Schedule of Financial Statement Findings*

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

**Finding 2019-001:**

Our audit of outstanding purchase orders in the General, Special Revenue and Capital Projects Funds revealed certain purchase orders classified as encumbrances were deemed invalid or were determined to be accounts payable.

**Criteria or specific requirement:**

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

**Condition:**

Certain open purchase orders were not properly classified (i.e. reserve for encumbrances, accounts payable) or subsequently cancelled.

**Questioned Costs:**

Unknown.

**Context:**

General Fund accounts payable of \$982,927 were deemed to be encumbrances and were reclassified in the financial statements. Special Revenue Fund encumbrances totaling \$100,838 and accounts payable of \$27,056 were deemed invalid and cancelled by audit adjustment. The revised TPAF FICA/Pension Reimbursement in the amount of \$329,253 was recorded as accounts payable in the Special Revenue Fund by audit adjustment. \$235,282 of Capital Projects Fund encumbrances were deemed to be accounts payable and were reclassified in the financial statements.

**Effect:**

Expenditures may not reflect amounts incurred for the year.

**Recommendation:**

Outstanding purchase orders be reviewed at year end to be properly classified as an accounts payable or reserve for encumbrance, or otherwise be cancelled.

**Views of Responsible Officials and Planned Corrective Action Plan:**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part 2 – Schedule of Financial Statement Findings*

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

**Finding 2019-002:**

Our audit of the general ledger account balances revealed certain adjusting journal entries were required to reconcile the Board records to agree with subsidiary records, supporting documentation and to correct beginning balances.

**Criteria or specific requirement:**

The State Department of Education's GAAP Technical Systems Manual

**Condition:**

Certain adjusting journal entries were required to reclassify receipts, accrue revenues and correct general ledger entries in the General, Special Revenue and Capital Projects Funds.

**Questioned Costs:**

None.

**Context:**

Certain journal entries were required to reclassify incorrect postings and record certain transactions in the General and Special Revenue Funds including the following:

- We noted the year to date interest earnings of \$129,455 in the Capital Projects Fund were not transferred to the General Fund in accordance with Board resolution.
- In addition, certain adjustments were needed to reconcile pooled cash balances between the various funds.
- The initial TPAF FICA/Pension reimbursement check, in the amount of \$302,215, issued before year-end was incorrectly calculated and subsequently voided.
- An adjustment of \$237,329 was needed to reconcile interfund balances between the General and Enterprise funds.
- It was also noted that the year-end receivable for Extraordinary Aid of \$1,696,514 was not accrued.

**Effect:**

The Board Secretary's records were not in agreement with subsidiary records and supporting documentation.

**Recommendation:**

Internal controls over financial accounting and reporting be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.

**Views of Responsible Officials and Planned Corrective Action Plan:**

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

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

**Finding 2019-003**

Our audit of food service operations revealed the net cash resources, including all respective assets less any associated liabilities, at June 30, 2019 exceeded three months average expenditures.

**Federal Program Information**

National School Lunch program	10.555
School Breakfast program	10.553

**Criteria or Specific Requirement**

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

Federal Grant Compliance Supplement

**Condition**

According to the USDA resource management comprehensive review form used to calculate net cash resources, the District's net cash resources were \$1,607,146 at June 30, 2019; however, three months average operating expenditures were \$1,081,329.

**Questioned Costs**

None.

**Context**

See finding condition and questioned costs.

**Effect**

Net cash resources exceeded three months average expenditures by \$525,817.

**Cause**

Unknown.

**Recommendation**

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

**View of Responsible Officials and Planned Corrective Action**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT 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 Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2018-001**

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

**Current Status**

Corrective action has been taken.

**Finding 2018-002**

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

**Current Status**

See Finding 2019-003.