

The School District
of
FRANKFORD TOWNSHIP

Frankford Township Board of Education
Branchville, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Comprehensive Annual Financial Report

of the

Frankford Township Board of Education

Branchville, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

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

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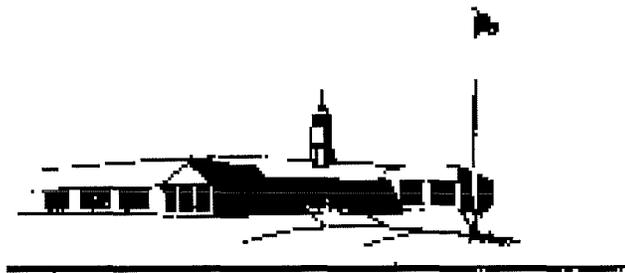
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Introductory Section





Frankford Township Board of Education

4 PINES ROAD BRANCHVILLE, NJ 07826

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

February 9, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Frankford Township School District for the fiscal year ended June 30, 2020, is hereby submitted. This report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The district provides a full range of educational services appropriate to grade levels from Kindergarten through Eighth Grade. These include regular as well as special education for handicapped children. The District completed the 2019-2020 fiscal year with an average daily student enrollment of 504. The following details the changes in the average daily student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Student Enrollment</u>	<u>Percent Change</u>
2019 - 2020	504	0.00%
2018 - 2019	504	-2.14%
2017 - 2018	515	-2.83%
2016 - 2017	530	0.95%
2015 - 2016	525	-2.78%
2014 - 2015	540	2.35%
2013 - 2015	553	0.91%
2012 - 2013	548	-5.67%
2011 - 2012	581	-2.19%
2010 - 2011	594	-6.01%

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

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

Since the 2010-2011 school year, the average daily student population has decreased incrementally (average 9 pupils/year). However, over the same period, increases in tax levy have occurred as state aid has either remained relatively flat or begun to decrease significantly in conjunction with rising fixed expenses and a need for additional programs and an increased classified student population. In the past, surplus has been used to reduce the effects of fluctuating state aid. However, the state has severely restricted the use of surplus in recent years and even reduced state aid. Frankford Twp. Board of Education has therefore reduced undesignated surplus to the mandated limits. Realizing that a lack of surplus availability and declining state aid has an opposite effect on the tax levy, the Board of Education and administration have worked extensively to limit the tax impact as much as possible in 2019-2020.

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

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

students. Research based programs have and will continue to be investigated and implemented. In the efforts to prepare students, we continue to seek opportunities for collaborative global connections. In addition, changes to the curriculum included special education, gifted and talented, and At Risk modifications.

- C. Faculty and staff continue to participate in in-service and workshop programs focused on growth mindset for all students. Identifying ways and strategies to conference with students and create both student responsibility and accountability is the primary focus of professional development.
- D. A summer reading/writing program continued for the summer of 2019. Students are provided two types of materials to read and respond to: one fictional and one informational and complete a writing assignment for the start of the September school year. A math summer series of problems were also included for students to practice math skills learned during the school year. For both reading and math parents had opportunities to work with their children over the summer.
- E. RTI or Response to Intervention continues to be a major initiative with a more inclusive, classroom oriented program. FTSD supports four teachers who work with regular classroom teachers in grades 1 through 4. Students are assessed weekly and instructional time was integrated into the schedule to target those skills needed the most. Plans to tier students this year will provide more accurate and targeted instruction. Title I funding has returned for the 2019-2020 school year. In addition, identified students were placed into an after school tutoring program for Language Arts and Math. The program ran every Tuesday and Thursday until the month of May. Plans to extend the program to grades 5 - 8 RTI students is in the works for the 20/21 school year.
- F. FTSD is continuing to address issues of bullying and violence. We actively participate in the County sponsored "Taking Flight to Change" anti-bullying program, locally developed programs through student council and other school organizations as well as the infusion of the Holocaust Curriculum through all content areas and grade levels, the guidance counselors and media support personnel are instrumental in the implementation of these lessons and activities.
- G. FTSD supports two full time Guidance Positions. One serves the elementary grades K through 4 and one serves the middle school grades 5 through 8.
- H. Technology remained consistent with no large purchases. We continue to monitor equipment longevity and have planned out long term lease purchases for all systems to keep the budget at a consistent level.
- I. School Security continues to be a priority. Monthly drills are planned and implemented. New foyers have been built along with an elementary security office that keeps parents from entering the building without being checked in first.
- J. Summer projects included a new roof on D wing and the installation of three new air conditioners.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but

not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

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

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

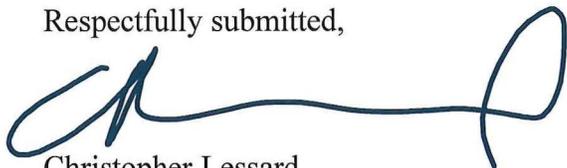
7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

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

9. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Frankford Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and

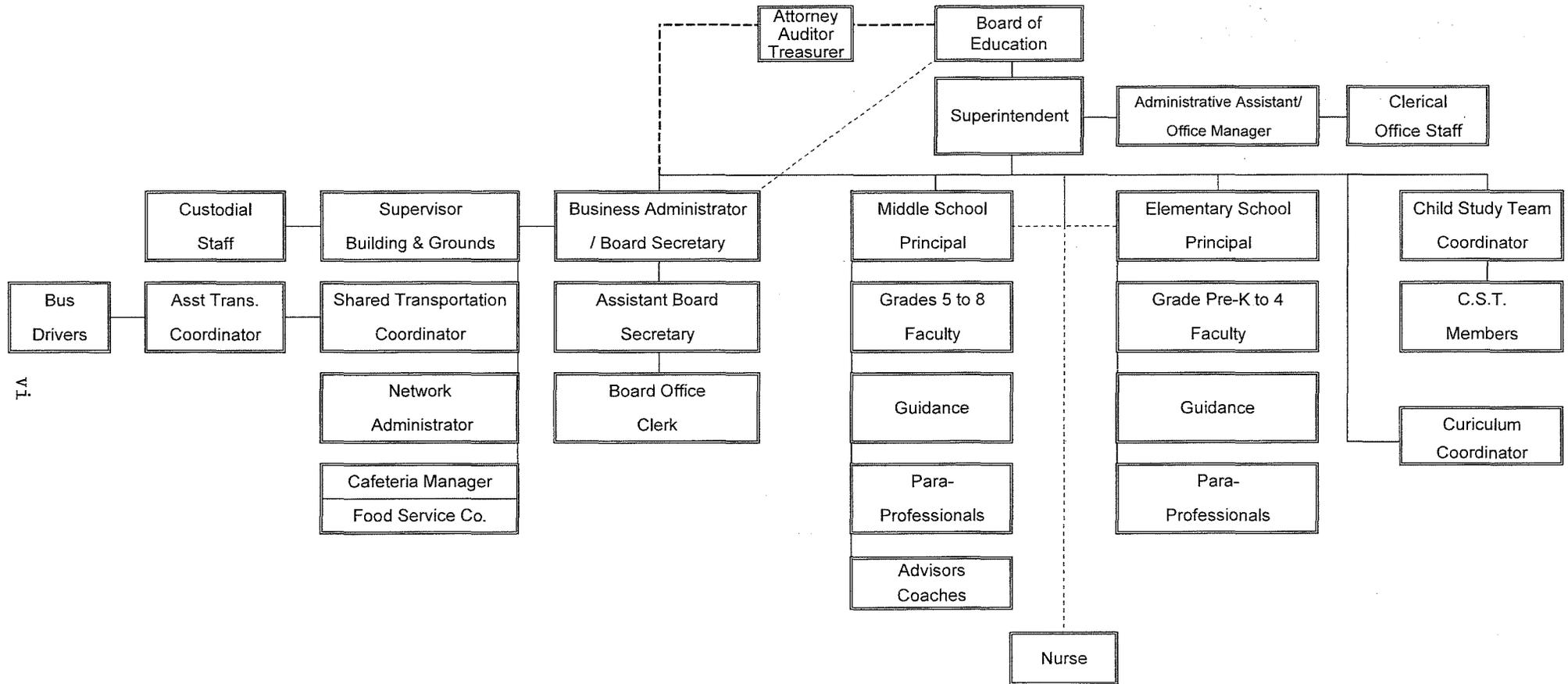
maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Christopher Lessard', with a large, stylized loop at the end.

Christopher Lessard
Board Secretary/Business Administrator

**FRANKFORD TOWNSHIP SCHOOL DISTRICT
ORGANIZATIONAL CHART**



Frankford Township Board of Education
Branchville, New Jersey

ROSTER OF OFFICIALS
JUNE 30, 2020

<u>Members of the Board of Education</u>	<u>Expires</u>
	January
Ralph Smith, President	2023
Steven Worthington, Vice-President	2023
Mary Bowers (appointed for unexpired Term 4/2020)	2021
Raymond Castellani, III	2021
Colleen Chiariello	2021
Michaela Meinecke-Perez	2021
Jodi Fernandez	2023
Stacey Keller	2022
Andrew Lubchansky (appointed for unexpired Term 4/2020)	2021

Other Officials

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

FRANKFORD TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

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

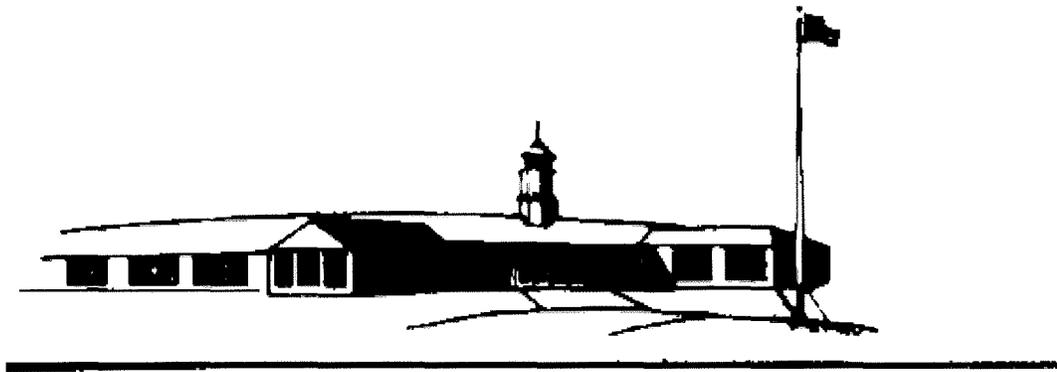
Attorney

Busch Law Group
450 Main Street
Metuchen, NJ 08840

Official Depositories

Lakeland Bank
250 Oak Ridge Road
Oak Ridge, NJ 07438

Financial Section





LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Frankford Township Board of Education as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Frankford Township Board of Education as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

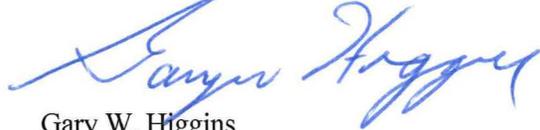
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 9, 2021 on our consideration of the Frankford Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Frankford Township Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Frankford Township Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
February 9, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The management's discussion and analysis of Frankford Township Board of Education's financial performance provides an overall review of the school district's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the school district's financial performance as a whole; readers should also review the notes to the financial statements and financial statements to enhance their understanding of the school district's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- ◆ General revenues accounted for \$9,828,476 in revenue or 73% of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions, accounted for \$3,586,303 or 27% of total revenues of \$13,414,779.

- ◆ The school district had \$13,088,886 in expenses; only \$3,586,303 of these expenses were offset by program specific charges for services and grants or contributions. General revenues (primarily property taxes) and the utilization of available fund balance were adequate to provide for these programs.

- ◆ The General Fund (GAAP Basis) had \$12,650,174 in revenues and other financing sources and \$13,386,899 in expenditures and other financing uses. The General Fund's fund balance decreased \$736,725 over fiscal year 2019.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the school district to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year ending June 30, 2020?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Enterprise Fund

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

The School District as a Whole

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

Table 1 provides a summary of the school district's net position as of June 30, 2020 and 2019.

	Table 1 Net Position					
	<u>Governmental Types</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current and other assets	\$ 1,559,637	\$ 2,444,440	\$ 6,090	\$ 54,194	\$ 1,565,727	\$ 2,498,634
Capital assets, net	<u>5,271,487</u>	<u>4,924,570</u>	<u>19,483</u>	<u>22,045</u>	<u>5,290,970</u>	<u>4,946,615</u>
Total Assets	<u>6,831,124</u>	<u>7,369,010</u>	<u>25,573</u>	<u>76,239</u>	<u>6,856,697</u>	<u>7,445,249</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	<u>329,245</u>	<u>566,344</u>	<u>-</u>	<u>-</u>	<u>329,245</u>	<u>566,344</u>
Total Deferred Outflows of Resources	<u>329,245</u>	<u>566,344</u>	<u>-</u>	<u>-</u>	<u>329,245</u>	<u>566,344</u>
Total Assets and Deferred Outflows of Resources	<u>7,160,369</u>	<u>7,935,354</u>	<u>25,573</u>	<u>76,239</u>	<u>7,185,942</u>	<u>8,011,593</u>
Liabilities						
Non-Current liabilities	4,261,368	5,419,785		20,172	4,261,368	5,439,957
Other liabilities	<u>188,787</u>	<u>145,965</u>	<u>29,159</u>	<u>18,581</u>	<u>217,946</u>	<u>164,546</u>
Total Liabilities	<u>4,450,155</u>	<u>5,565,750</u>	<u>29,159</u>	<u>38,753</u>	<u>4,479,314</u>	<u>5,604,503</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue				3,600	-	3,600
Deferred Amounts on Net Pension Liability	<u>923,299</u>	<u>946,054</u>	<u>-</u>	<u>-</u>	<u>923,299</u>	<u>946,054</u>
Total Deferred Inflows of Resources	<u>923,299</u>	<u>946,054</u>	<u>-</u>	<u>3,600</u>	<u>923,299</u>	<u>949,654</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,373,454</u>	<u>6,511,804</u>	<u>29,159</u>	<u>42,353</u>	<u>5,402,613</u>	<u>6,554,157</u>
Net Position						
Net Investment in Capital Assets	3,885,244	2,784,764	19,483	1,873	3,904,727	2,786,637
Restricted	406,163	1,478,455			406,163	1,478,455
Unrestricted	<u>(2,504,492)</u>	<u>(2,839,669)</u>	<u>(23,069)</u>	<u>32,013</u>	<u>(2,527,561)</u>	<u>(2,807,656)</u>
Total Net Position	<u>\$ 1,786,915</u>	<u>\$ 1,423,550</u>	<u>\$ (3,586)</u>	<u>\$ 33,886</u>	<u>\$ 1,783,329</u>	<u>\$ 1,457,436</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The School District as a Whole (Continued)

Table 2 shows the changes in net position for fiscal years ended June 30, 2020 and 2019.

**Table 2
Changes in Net Position**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues and Transfers						
Program revenues						
Charges for services			\$ 98,734	\$ 164,001	\$ 98,734	\$ 164,001
Operating grants and contributions	\$ 3,452,911	\$ 4,191,834	34,658	47,590	3,487,569	4,239,424
General revenues						
Property Taxes	8,725,736	8,452,250			8,725,736	8,452,250
Grants and entitlements	1,035,935	1,196,150			1,035,935	1,196,150
Other revenues	66,467	99,528	338	780	66,805	100,308
Total revenues	<u>13,281,049</u>	<u>13,939,762</u>	<u>133,730</u>	<u>212,371</u>	<u>13,414,779</u>	<u>14,152,133</u>
Program Expenses						
Instruction	8,354,152	9,116,264			8,354,152	9,116,264
Support services						
Student and Instruction Related	1,259,771	1,300,380			1,259,771	1,300,380
General administration, school						
administration, business/Central	1,309,021	1,458,329			1,309,021	1,458,329
Operations and maintenance of facilities	1,386,030	1,227,677			1,386,030	1,227,677
Pupil Transportation	526,448	622,987			526,448	622,987
Interest on debt	78,962	25,139			78,962	25,139
Food Service			132,285	171,325	132,285	171,325
Summer Enrichment Program			22,967	21,057	22,967	21,057
Preschool Program	-	-	19,250	23,806	19,250	23,806
Total expenses	<u>12,914,384</u>	<u>13,750,776</u>	<u>174,502</u>	<u>216,188</u>	<u>13,088,886</u>	<u>13,966,964</u>
Transfers	<u>(3,300)</u>	<u>(3,300)</u>	<u>3,300</u>	<u>3,300</u>	<u>-</u>	<u>-</u>
Change in Net Position	363,365	185,686	(37,472)	(517)	325,893	185,169
Net Position, Beginning of Year	<u>1,423,550</u>	<u>1,237,864</u>	<u>33,886</u>	<u>34,403</u>	<u>1,457,436</u>	<u>1,272,267</u>
Net Position, End of Year	<u>\$ 1,786,915</u>	<u>\$ 1,423,550</u>	<u>\$ (3,586)</u>	<u>\$ 33,886</u>	<u>\$ 1,783,329</u>	<u>\$ 1,457,436</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The School District as a Whole (Continued)

Governmental Activities

Property taxes made up 66% and 61% of revenues for governmental activities for the Frankford Township Board of Education for fiscal years ended June 30, 2020 and 2019, respectively. The district's total revenues were \$13,281,049 and \$13,939,762 for the fiscal years ended June 30, 2020 and 2019, respectively. Federal, state and local grants accounted for another 34% and 39% of revenues for the years ended June 30, 2020 and 2019, respectively.

The total cost of all program and services was \$13,510,092 and \$13,750,776 for the years ended June 30, 2020 and 2019, respectively. Instruction comprised 63% and 66% of district expenses for the years ended June 30, 2020 and 2019, respectively.

Business-Type Activities

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

- ◆ Food service expenses exceeded revenues and other financing sources by \$19,840, summer enrichment expenses exceeded revenues by \$17,632 and preschool program expenses equaled revenues.
- ◆ Charges for services for all business-type activities represents \$98,734 of revenue, which is an amount paid by patrons for services.
- ◆ Federal and state reimbursements for the Food Service Fund for meals, including payments for free and reduced lunches and donated commodities was \$34,658.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2020 and 2019. The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions.

	<u>Total Cost of</u> <u>Services</u>		<u>Net Cost of</u> <u>Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction	8,354,152	\$ 9,116,264	\$ (5,561,529)	\$ 5,750,897
Support services				
Student and Instruction Related	1,259,771	1,300,380	(1,023,842)	1,092,231
General administration, school administration, business/central	1,309,021	1,458,329	(1,170,106)	1,175,251
Operation and maintenance of facilities	1,386,030	1,227,677	(1,352,269)	1,158,668
Pupil Transportation	526,448	622,987	(274,765)	356,756
Interest on Debt	78,962	25,139	(78,962)	25,139
	<u>8,354,152</u>	<u>\$ 9,116,264</u>	<u>(5,561,529)</u>	<u>\$ 5,750,897</u>
Total Expenses	<u>\$ 12,914,384</u>	<u>\$ 13,750,776</u>	<u>\$ (9,461,473)</u>	<u>\$ 9,558,942</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The School District as a Whole (Continued)

Governmental Activities (Continued)

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

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

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

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

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

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

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general, special revenue, capital projects and debt service funds presented in the fund-based statements) had total revenues and other financing sources of \$13,044,752 and \$14,447,330 and expenditures and other financing uses of \$13,976,448 and \$13,256,267 for the fiscal years ended June 30, 2020 and 2019, respectively. The net change in all fund balances for the years ended June 30, 2020 and June 30, 2019 was a decrease of \$931,696 and an increase of \$1,191,063, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2020 and 2019.

<u>Revenue</u>	<u>Amount</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2020</u>	<u>2019</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Local Sources	\$ 8,827,174	\$ 8,566,563	\$ 260,611	3.04%
State Sources	3,800,773	3,887,463	(86,690)	-2.23%
Federal Sources	<u>259,080</u>	<u>215,127</u>	<u>43,953</u>	20.43%
Total	<u>\$ 12,887,027</u>	<u>\$ 12,669,153</u>	<u>\$ 217,874</u>	1.72%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The School District's Funds (Continued)

The following schedule presents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2020 and 2019.

<u>Expenditures</u>	<u>2020</u>	<u>Amount</u> <u>2019</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Current:				
Instruction	\$ 7,971,143	\$ 8,001,672	\$ (30,529)	-0.38%
Support Services	4,115,833	4,034,976	80,857	2.00%
Capital outlay	796,332	939,555	(143,223)	-15.24%
Debt service:				
Principal	849,082	252,637	596,445	236.09%
Interest and other charges	<u>83,033</u>	<u>24,127</u>	<u>58,906</u>	244.15%
 Total	 <u>\$ 13,815,423</u>	 <u>\$ 13,252,967</u>	 <u>\$ 562,456</u>	 4.24%

General Fund Budgeting Highlights

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

During the course of the fiscal year ended June 30, 2020, the school district amended its General Fund budget as needed. The school district uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Several of these revisions bear notation:

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

While the district's final budget for the general fund anticipated that revenues and other financing sources and expenditures and other financing uses would roughly equal, the actual results for the year reflect a decrease of \$931,696 (GAAP Basis) in Governmental Funds fund balances.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Capital Assets

As of June 30, 2020 and 2019, the school district had capital assets of \$5,290,970 and \$4,946,615 invested in land, buildings, furniture and equipment, and vehicles, net of accumulated depreciation, respectively. Set forth below is a comparison of capital assets as of June 30, 2020 and 2019:

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 243,393	\$ 243,393			\$ 243,393	\$ 243,393
Construction In Progress	442,442	217,734			442,442	217,734
Buildings and Improvements	8,613,830	8,067,804			8,613,830	8,067,804
Site Improvements	791,545	791,545			791,545	791,545
Machinery and Equipment	<u>1,533,456</u>	<u>1,643,609</u>	<u>\$ 92,476</u>	<u>\$ 92,476</u>	<u>1,625,932</u>	<u>1,736,085</u>
	11,624,666	10,964,085	92,476	92,476	11,717,142	11,056,561
Less Depreciation	<u>(6,353,179)</u>	<u>(6,039,515)</u>	<u>(72,993)</u>	<u>(70,431)</u>	<u>(6,426,172)</u>	<u>(6,109,946)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 5,271,487</u>	<u>\$ 4,924,570</u>	<u>\$ 19,483</u>	<u>\$ 22,045</u>	<u>\$ 5,290,970</u>	<u>\$ 4,946,615</u>

Overall net capital assets increased \$344,355 from fiscal year 2019 to fiscal year 2020 as a result of acquisitions exceeding depreciation.

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

Debt Administration

At June 30, 2020 and 2019, the school district had \$4,261,368 and \$5,439,957 of long-term liabilities, respectively. Of this amount \$502,634 and \$578,841 is for compensated absences, \$16,243 and \$795,497 is for capital leases and \$1,370,000 and \$1,460,000 for serial bonds and \$2,372,491 and \$2,605,619 for net pension liability for the years ended June 30, 2020 and 2019, respectively.

At June 30, 2020, the school district's overall legal debt margin was \$24,121,816 and the unutilized debt margin was \$22,751,816. Following is a summary of the bond issue for which the District is currently paying debt service.

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance, June 30,</u>	
			<u>2020</u>	<u>2019</u>
School Bonds	3/15/2019	1,460,000	\$ <u>1,370,000</u>	\$ <u>1,460,000</u>
			<u>\$ 1,370,000</u>	<u>\$ 1,460,000</u>

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

For the Future

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

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

Contacting the School District's Financial Management

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

FINANCIAL STATEMENTS

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,358,339	\$ 5,419	\$ 1,363,758
Receivables, net			
Receivables from Other Governments	109,418	671	110,089
Other Receivables	49,044		49,044
Due from Other Funds	42,836		42,836
Capital Assets, net			
Not Being Depreciated	685,835		685,835
Being Depreciated	<u>4,585,652</u>	<u>19,483</u>	<u>4,605,135</u>
Total Assets	<u>6,831,124</u>	<u>25,573</u>	<u>6,856,697</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>329,245</u>	-	<u>329,245</u>
Total Deferred Outflows of Resources	<u>329,245</u>	-	<u>329,245</u>
Total Assets and Deferred Outflows of Resources	<u>7,160,369</u>	<u>25,573</u>	<u>7,185,942</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	127,429		127,429
Accrued Interest Payable	18,089		18,089
Unearned Revenue	43,269	8,800	52,069
Due to Other Funds		20,359	20,359
Noncurrent Liabilities			
Due within one year	196,243		196,243
Due beyond one year	<u>4,065,125</u>	-	<u>4,065,125</u>
Total Liabilities	<u>4,450,155</u>	<u>29,159</u>	<u>4,479,314</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue			-
Deferred Amounts on Net Pension Liability	<u>923,299</u>	-	<u>923,299</u>
Total Deferred Inflows of Resources	<u>923,299</u>	-	<u>923,299</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,373,454</u>	<u>29,159</u>	<u>5,402,613</u>
NET POSITION			
Net Investment in Capital Assets	3,885,244	19,483	3,904,727
Restricted for			
Capital Projects	297,680		297,680
Debt Service	42		42
Other Purposes	108,441		108,441
Unrestricted	<u>(2,504,492)</u>	<u>(23,069)</u>	<u>(2,527,561)</u>
Total Net Position	<u>\$ 1,786,915</u>	<u>\$ (3,586)</u>	<u>\$ 1,783,329</u>

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 5,857,514		\$ 1,612,435		\$ (4,245,079)		\$ (4,245,079)
Special Education	1,749,916		976,561		(773,355)		(773,355)
Other Instruction	615,821		174,171		(441,650)		(441,650)
School Sponsored Activities and Athletics	130,901		29,456		(101,445)		(101,445)
Support Services							
Student and Instruction Related Services	1,259,771		235,929		(1,023,842)		(1,023,842)
General Administration Services	416,226		73,362		(342,864)		(342,864)
School Administration Services	416,914		60,596		(356,318)		(356,318)
Business/Central Services	475,881		4,957		(470,924)		(470,924)
Operation and Maintenance of Facilities	1,386,030		33,761		(1,352,269)		(1,352,269)
Pupil Transportation	526,448		251,683		(274,765)		(274,765)
Interest on Debt	78,962	-	-	-	(78,962)	-	(78,962)
Total Governmental Activities	12,914,384	-	3,452,911	-	(9,461,473)	-	(9,461,473)
Business-Type Activities							
Food Service	132,285	\$ 74,149	34,658			\$ (23,478)	(23,478)
Summer Enrichment	22,967	5,335				(17,632)	(17,632)
Preschool Program	19,250	19,250	-	-	-	-	-
Total Business-Type Activities	174,502	98,734	34,658	-	-	(41,110)	(41,110)
Total Primary Government	\$ 13,088,886	\$ 98,734	\$ 3,487,569	\$ -	(9,461,473)	(41,110)	(9,502,583)
General Revenues							
Property Taxes, Levied for General purposes					8,625,259		8,625,259
Property Taxes Levied for Debt Service					100,477		100,477
State Aid - Unrestricted					1,035,935		1,035,935
Miscellaneous Revenues					29,934		29,934
Investment Earnings					36,533	338	36,871
Transfers					(3,300)	3,300	-
Total General Revenues and Transfers					9,824,838	3,638	9,828,476
Change in Net Position					363,365	(37,472)	325,893
Net Position, July 1, 2019					1,423,550	33,886	1,457,436
Net Position, June 30, 2020					\$ 1,786,915	\$ (3,586)	\$ 1,783,329

FUND FINANCIAL STATEMENTS

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,358,297			\$ 42	\$ 1,358,339
Due from Other Funds	71,657				71,657
Receivables from:					
Governments	22,347	\$ 87,071			109,418
Other	49,044	-	-	-	49,044
	<u>1,501,345</u>	<u>87,071</u>	<u>-</u>	<u>42</u>	<u>1,588,458</u>
Total Assets	<u>\$ 1,501,345</u>	<u>\$ 87,071</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 1,588,458</u>
LIABILITIES					
Liabilities					
Accounts Payable	\$ 112,448	\$ 14,981			\$ 127,429
Due to Other Funds		28,821			28,821
Unearned Revenue	-	43,269	-	-	43,269
	<u>112,448</u>	<u>87,071</u>	<u>-</u>	<u>-</u>	<u>199,519</u>
Total Liabilities	<u>112,448</u>	<u>87,071</u>	<u>-</u>	<u>-</u>	<u>199,519</u>
FUND BALANCES					
Restricted Fund Balance					
Excess Surplus - Designated for Subsequent Year's Expenditures	150,000				150,000
Excess Surplus	150,000				150,000
Capital Reserve	297,680				297,680
Maintenance Reserve	108,441				108,441
Debt Service				\$ 42	42
Committed Fund Balance					
Year Encumbrances	506,358				506,358
Assigned					
Year End Encumbrances	96,591				96,591
Unassigned	79,827	-	-	-	79,827
	<u>1,388,897</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>1,388,939</u>
Total Fund Balances	<u>1,388,897</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>1,388,939</u>
Total Liabilities and Fund Balances	<u>\$ 1,501,345</u>	<u>\$ 87,071</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 1,588,458</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

Total Fund Balances Governmental Funds (Exhibit B-1) **\$ 1,388,939**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,624,666 and the accumulated depreciation is \$6,353,179.

5,271,487

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.

	\$	329,245	
Deferred Outflows of Resources		(923,299)	
Deferred Inflows of Resources		<u> </u>	(594,054)

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

(18,089)

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

	(1,370,000)		
Bonds Payable	(16,243)		
Leases Payable	(502,634)		
Compensated Absences Payable	<u>(2,372,491)</u>		(4,261,368)
Net Pension Liability			

	\$	<u>1,786,915</u>	
Net Position of Governmental Activities (Exhibit A-1)			

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 8,625,259			\$ 100,477	\$ 8,725,736
Interest	36,533				36,533
Miscellaneous	29,884	\$ 34,971	\$ 50	-	64,905
Total - Local Sources	<u>8,691,676</u>	<u>34,971</u>	<u>50</u>	<u>100,477</u>	<u>8,827,174</u>
State Sources	3,800,773				3,800,773
Federal Sources	-	259,080	-	-	259,080
Total Revenues	<u>12,492,449</u>	<u>294,051</u>	<u>50</u>	<u>100,477</u>	<u>12,887,027</u>
EXPENDITURES					
Current					
Regular Instruction	5,517,218	41,766			5,558,984
Special Education Instruction	1,656,848	46,882			1,703,730
Other Instruction	583,552				583,552
School-Sponsored Activities and Athletics	124,877				124,877
Support Services					
Student and Instruction Related Services	1,118,113	189,805			1,307,918
General Administration Services	400,450				400,450
School Administration Services	383,409				383,409
Business / Central Services	477,327				477,327
Plant Operations and Maintenance	1,031,565				1,031,565
Pupil Transportation	515,164				515,164
Debt Service					
Principal	759,082			90,000	849,082
Interest and Other Charges	51,045			31,988	83,033
Capital Outlay	764,949	15,598	\$ 15,785	-	796,332
Total Expenditures	<u>13,383,599</u>	<u>294,051</u>	<u>15,785</u>	<u>121,988</u>	<u>13,815,423</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(891,150)</u>	<u>-</u>	<u>(15,735)</u>	<u>(21,511)</u>	<u>(928,396)</u>
Other Financing Sources (Uses)					
Transfers In	157,725			-	157,725
Transfers Out	(3,300)	-	(157,725)	-	(161,025)
Total Other Financing Sources and Uses	<u>154,425</u>	<u>-</u>	<u>(157,725)</u>	<u>-</u>	<u>(3,300)</u>
Net Change in Fund Balances	(736,725)	-	(173,460)	(21,511)	(931,696)
Fund Balance (Deficit), Beginning of Year	<u>2,125,622</u>	<u>-</u>	<u>173,460</u>	<u>21,553</u>	<u>2,320,635</u>
Fund Balance, End of Year	<u>\$ 1,388,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 1,388,939</u>

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (931,696)

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

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

Depreciation Expense	\$ (384,007)	
Capital Outlays	<u>796,332</u>	412,325

The net effect of various miscellaneous involving capital assets (i.e. sales, disposals and donations) is to increase net position. These transactions are not reported in the governmental funds financial statements

Loss on Disposal of Capital Assets		(65,408)
------------------------------------	--	----------

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

Principal Repayments		
Bonds Payable Paid	90,000	
Capital Leases Paid	<u>759,082</u>	849,082

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

Compensated Absences	76,207	
Pension Expense	<u>18,784</u>	94,991

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

		<u>4,071</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 363,365

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

	Food Service Fund	Other Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,439	\$ 3,980	\$ 5,419
Intergovernmental Receivable			
Federal	261		261
State	410	-	410
Total Current Assets	2,110	3,980	6,090
Capital Assets			
Equipment	92,476		92,476
Less: Accumulated Depreciation	(72,993)	-	(72,993)
Total Capital Assets	19,483	-	19,483
Total Assets	21,593	3,980	25,573
LIABILITIES			
Current Liabilities			
Unearned Revenue	8,800		8,800
Due to Other Funds	19,035	1,324	20,359
Total Current Liabilities	27,835	1,324	29,159
NET POSITION			
Net Investment in Capital Assets	19,483		19,483
Unrestricted	(25,725)	2,656	(23,069)
Total Net Position	\$ (6,242)	\$ 2,656	\$ (3,586)

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
PROPRIETARY FUNDS
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Food Service Fund</u>	<u>Other Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs	\$ 39,096		\$ 39,096
Daily Sales - Non-Reimbursable Programs	35,053		35,053
Program Fees	-	\$ 24,585	24,585
	<u>74,149</u>	<u>24,585</u>	<u>98,734</u>
Total Operating Revenues			
OPERATING EXPENSES			
Cost of Sales - Reimbursable	56,472		56,472
Cost of Sales - Non-Reimbursable	10,168		10,168
Salaries, Wages and Payroll Taxes	42,705	37,164	79,869
Management Fee	7,098		7,098
Insurance	4,852		4,852
Purchased Professional Services	225		225
Supplies	2,106	609	2,715
Depreciation	2,562		2,562
Miscellaneous	6,097	4,444	10,541
	<u>132,285</u>	<u>42,217</u>	<u>174,502</u>
Total Operating Expenses			
Operating (Loss)	<u>(58,136)</u>	<u>(17,632)</u>	<u>(75,768)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	1,558		1,558
Federal Sources			
School Lunch Program	19,482		19,482
Food Distribution Program	13,618		13,618
Interest on deposits	338	-	338
	<u>34,996</u>	<u>-</u>	<u>34,996</u>
Total Nonoperating Revenues			
Other Financing Sources			
Transfer In	3,300	-	3,300
	<u>3,300</u>	<u>-</u>	<u>3,300</u>
Total Other Financing Sources			
Change in Net Position	(19,840)	(17,632)	(37,472)
Net Position, Beginning of Year	<u>13,598</u>	<u>20,288</u>	<u>33,886</u>
Net Position, End of Year	<u>\$ (6,242)</u>	<u>\$ 2,656</u>	<u>\$ (3,586)</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Food Service Fund</u>	<u>Other Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 83,623	\$ 24,585	\$ 108,208
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(42,705)	(37,164)	(79,869)
Cash Payments to Suppliers for Goods and Services	<u>(87,937)</u>	<u>(5,053)</u>	<u>(92,990)</u>
Net Cash (Used for) Operating Activities	<u>(47,019)</u>	<u>(17,632)</u>	<u>(64,651)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from (Paid to) Other Funds	21,936	1,824	23,760
Cash Received from State and Federal Subsidy Reimbursements	<u>22,314</u>	<u>-</u>	<u>22,314</u>
Net Cash Provided by Noncapital Financing Activities	<u>44,250</u>	<u>1,824</u>	<u>46,074</u>
Cash Flows from Capital and Related Financing Activities			
Repayment of Capital Lease Obligations	<u>(20,172)</u>	<u>-</u>	<u>(20,172)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(20,172)</u>	<u>-</u>	<u>(20,172)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>338</u>	<u>-</u>	<u>338</u>
Net Cash Provided by Investing Activities	<u>338</u>	<u>-</u>	<u>338</u>
Net Decrease in Cash and Cash Equivalents	(22,603)	(15,808)	(38,411)
Cash and Cash Equivalents, Beginning of Year	<u>24,042</u>	<u>19,788</u>	<u>43,830</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,439</u>	<u>\$ 3,980</u>	<u>\$ 5,419</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) by Operating Activities			
Operating (Loss)	\$ (58,136)	\$ (17,632)	\$ (75,768)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities			
Depreciation	2,562		2,562
Federal Commodities	13,618		13,618
Change in Assets and Liabilities			
(Increase)/Decrease in Inventory	4,044		4,044
(Increase)/Decrease in Other Receivable	674		674
Increase/(Decrease) in Accounts Payable	(18,581)		(18,581)
Increase/(Decrease) in Unearned Revenue	<u>8,800</u>	<u>-</u>	<u>-</u>
Total Adjustments	<u>11,117</u>	<u>-</u>	<u>2,317</u>
Net Cash (Used for) Operating Activities	<u>\$ (47,019)</u>	<u>\$ (17,632)</u>	<u>\$ (73,451)</u>
Non-Cash Financing Activities			
National School Lunch Program (Food Distribution)	<u>\$ 10,018</u>	<u>\$ -</u>	<u>\$ 10,018</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 113,982	\$ 66,070
Total Assets	<u>113,982</u>	<u>\$ 66,070</u>
LIABILITIES		
Due to Other Funds		\$ 22,477
Due to Student Groups	<u>-</u>	<u>43,593</u>
Total Liabilities	<u>-</u>	<u>\$ 66,070</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 113,982</u>	

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions	
Employees	\$ 10,895
Interest on Deposits	<u>1,406</u>
Total Additions	<u>12,301</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>7,864</u>
Total Deductions	<u>7,864</u>
Change in Net Position	4,437
Net Position, Beginning of Year	<u>109,545</u>
Net Position, End of Year	<u>\$ 113,982</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Frankford Township Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Kindergarten through grade eight (8) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

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

B. New Accounting Standards

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fund, 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.

Fund Financial Statements

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

The District reports the following major governmental funds:

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

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

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

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

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

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

Additionally, the District reports the following fund types:

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

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

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

Reclassifications

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

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

4. Capital Assets

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

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

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

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

5. Deferred Outflows/Inflows of Resources

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

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, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 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, 2019 audited excess surplus that was appropriated in the 2020/2021 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B).

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

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

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

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

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

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

10. *Fund Balance Policies*

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

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

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

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 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 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$1,972,898. The increase was funded by the additional appropriation of state aid, capital reserve, maintenance reserve, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Capital Reserve

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$ 984,415
Increased by:		
Interest Earnings	\$ 1,000	
Deposits from Unexpended Capital Reserve	157,725	
Deposits Approved by Board Resolution	75,100	
Budgeted Increase	<u>100,000</u>	
		<u>333,825</u>
		1,318,240
Decreased by:		
Withdrawals Approved by Board Resolution		<u>1,020,560</u>
Balance, June 30, 2020		<u>\$ 297,680</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects is \$2,686,023. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$ 299,027
Increased by:		
Interest Earnings	\$ 1,000	
Deposits Approved by Board Resolution	<u>50,000</u>	
		<u>51,000</u>
		350,027
Decreased by:		
Withdrawals Approved by Board Resolution		<u>241,586</u>
Balance, June 30, 2020		<u>\$ 108,441</u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$535,689. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Transfers to Capital Outlay

During the 2019/2020 school year, the district transferred \$1,299,892 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account and other budget line items for an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$300,000. Of this amount, \$150,000 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$150,000 will be appropriated in the 2021/2022 original budget certified for taxes.

F. Deficit Fund Equity

The Food Service Enterprise Fund has a cumulative deficit in unrestricted net position of \$25,725 as of June 30, 2020. This deficit will be provided from the 2020/2021 General Fund budget.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$1,543,810 and bank and brokerage firm balances of the Board's deposits amounted to \$1,793,568. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>1,793,568</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2020 none of the Board's bank balances were exposed to custodial credit risk.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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.

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

As of June 30, 2020, the Board had no outstanding investments.

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

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

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

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

B. Receivables

Receivables as of June 30, 2020 for the district’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:				
Other	\$ 49,044			\$ 49,044
Intergovernmental				
Federal		\$ 87,071	\$ 261	87,332
State	22,347	-	410	22,757
Gross Receivables	71,391	87,071	671	159,133
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 71,391</u>	<u>\$ 87,071</u>	<u>\$ 671</u>	<u>\$ 159,133</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 33,572
Grant Draw Downs Reserved for Encumbrances	<u>9,697</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 43,269</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance <u>June 30, 2020</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 243,393				\$ 243,393
Construction in Progress	<u>217,734</u>	\$ 719,004	-	\$ (494,296)	<u>442,442</u>
Total capital assets, not being depreciated	<u>461,127</u>	<u>719,004</u>	-	<u>(494,296)</u>	<u>685,835</u>
 Capital assets, being depreciated:					
Buildings and Improvements	8,067,804	51,730		494,296	8,613,830
Site Improvements	791,545				791,545
Machinery and Equipment	<u>1,643,609</u>	<u>25,598</u>	\$ (135,751)	-	<u>1,533,456</u>
Total capital assets being depreciated	<u>10,502,958</u>	<u>77,328</u>	<u>(135,751)</u>	<u>494,296</u>	<u>10,938,831</u>
 Less accumulated depreciation for:					
Buildings and Improvements	(4,437,852)	(272,502)			(4,710,354)
Site Improvements	(366,563)	(28,353)			(394,916)
Machinery and equipment	<u>(1,235,100)</u>	<u>(83,152)</u>	<u>70,343</u>	-	<u>(1,247,909)</u>
Total accumulated depreciation	<u>(6,039,515)</u>	<u>(384,007)</u>	<u>70,343</u>	<u>-</u>	<u>(6,353,179)</u>
 Total capital assets, being depreciated, net	<u>4,463,443</u>	<u>(306,679)</u>	<u>(65,408)</u>	<u>494,296</u>	<u>4,585,652</u>
 Governmental activities capital assets, net	<u>\$ 4,924,570</u>	<u>\$ 412,325</u>	<u>\$ (65,408)</u>	<u>\$ -</u>	<u>\$ 5,271,487</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2020</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 92,476	-	-	\$ 92,476
Total capital assets being depreciated	<u>92,476</u>	<u>-</u>	<u>-</u>	<u>92,476</u>
Less accumulated depreciation for:				
Machinery and equipment	(70,431)	-	\$ (2,562)	(72,993)
Total accumulated depreciation	<u>(70,431)</u>	<u>-</u>	<u>(2,562)</u>	<u>(72,993)</u>
Total capital assets, being depreciated, net	<u>22,045</u>	<u>-</u>	<u>(2,562)</u>	<u>19,483</u>
Business-type activities capital assets, net	<u>\$ 22,045</u>	<u>\$ -</u>	<u>\$ (2,562)</u>	<u>\$ 19,483</u>

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

Governmental Activities:

Instruction	
Regular	\$ 18,966
Total Instruction	<u>18,966</u>
Support Services	
Student and Instruction Related Services	9,592
General Administration	2,132
School Administration	23,381
Operation and Maintenance of Plant Services	319,898
Student Transportation	10,038
Total Support Services	<u>365,041</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 384,007</u>

Business-Type Activities:

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2020:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Emergency Water Tank Replacement	\$ 61,845	\$ 61,474
D-Wing Roof Replacement Project	383,842	<u>483,658</u>
Total		<u>\$ 545,132</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 28,821
General Fund	Food Service Fund	19,035
General Fund	Summer Enrichment Fund	1,324
General Fund	Payroll Agency Fund	<u>22,477</u>
Total		<u>\$ 71,657</u>

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

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

Interfund Transfers

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing a school bus under a capital lease.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2021	\$ 16,913
Total minimum lease payments	16,913
Less: amount representing interest	<u>(670)</u>
Present value of minimum lease payments	<u>\$ 16,243</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or 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, 2020 is comprised of the following issue:

\$1,460,000, 2019 School Bonds, due in annual installments of \$135,000 to \$180,000 through March 15, 2029, interest at 2.00% to 3.00%	<u>\$ 1,370,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2021	\$ 180,000	\$ 30,188	\$ 210,188
2022	135,000	26,588	161,588
2023	140,000	23,887	163,887
2024	145,000	21,087	166,087
2025-2029	<u>770,000</u>	<u>59,362</u>	<u>829,362</u>
Totals	<u>\$ 1,370,000</u>	<u>\$ 161,112</u>	<u>\$ 1,531,112</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 24,121,816
Less: Net Debt	<u>1,370,000</u>
Remaining Borrowing Power	<u>\$ 22,751,816</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 1,460,000		\$ 90,000	\$ 1,370,000	\$ 180,000
Leases Payable	775,325		759,082	16,243	16,243
Compensated Absences Payable	578,841	6,853	83,060	502,634	
Net Pension Liability	<u>2,605,619</u>	<u>-</u>	<u>233,128</u>	<u>2,372,491</u>	<u>-</u>
 Governmental Activity Long-term liabilities	 <u>\$ 5,419,785</u>	 <u>\$ 6,853</u>	 <u>\$ 1,165,270</u>	 <u>\$ 4,261,368</u>	 <u>\$ 196,243</u>
Business-Type Activities:					
Leases Payable	<u>\$ 20,172</u>	<u>\$ -</u>	<u>\$ 20,172</u>	<u>\$ -</u>	<u>-</u>
 Business-Type Activity Long-term liabilities	 <u>\$ 20,172</u>	 <u>\$ -</u>	 <u>\$ 20,172</u>	 <u>\$ -</u>	 <u>\$ -</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the School Alliance Insurance Fund (SAIF or Fund). The Fund is a risk sharing public entity pool, established for the purpose of providing the following coverages:

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 10,895	\$ 7,864	\$ 113,982
2019	10,807		109,545
2018	10,806	527	96,674

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

Teachers’ Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected 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.

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. 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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 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 2020.

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, 2020 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 the 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 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 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 unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 128,077	\$ 1,071,863	\$ 6,953
2019	131,631	971,832	7,910
2018	121,700	756,895	7,845

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$230, \$319 and \$321, respectively for PERS and the State contributed \$1,120, \$1,300 and \$1,439, 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 \$379,450 during the fiscal year ended June 30, 2020 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 both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. 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, 2018 through June 30, 2019. 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, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$2,372,491 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .01317 percent, which was a decrease of .00006 percent from its proportionate share measured as of June 30, 2018 of .01323 percent.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$109,523 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 42,583	\$ 10,481
Changes of Assumptions	236,902	823,484
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		37,451
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>49,760</u>	<u>51,883</u>
Total	<u>\$ 329,245</u>	<u>\$ 923,299</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2020	\$ (27,037)
2021	(60,631)
2022	(226,740)
2023	(204,953)
2024	(74,693)
Thereafter	<u>-</u>
	<u>\$ (594,054)</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District’s total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) 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 rates 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 PERS's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

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 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District’s proportionate share of the PERS net pension liability calculated using the discount rate of 6.28%, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>2,996,842</u>	\$ <u>2,372,491</u>	\$ <u>1,846,387</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2019. A sensitivity analysis specific to the District’s net pension liability at June 30, 2019 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,751,986 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, 2020 the State's proportionate share of the net pension liability attributable to the District is \$29,703,402. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .04840 percent, which was a decrease of .00177 percent from its proportionate share measured as of June 30, 2018 of .05017 percent.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55%
	Based on Years of Service
Thereafter	2.75%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) 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 TPAF's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

Fiscal Year	Measurement Date	Discount Rate
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 35,026,885</u>	<u>\$ 29,703,402</u>	<u>\$ 25,286,592</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>364,943</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, 2019 is \$41.7 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, 2018 which were rolled forward to June 30, 2019.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 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 \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. over a period not to exceed thirty years. 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, 2020, 2019 and 2018 were \$397,641, \$440,822 and \$488,862, 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, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$111,540. 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, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$23,133,698. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .05017 percent, which was a decrease of .00715 from its proportionate share measured as of June 30, 2018 of .05732 percent.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

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 2.00% as of June 30, 2019.

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>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>26,432,782</u>
Changes Recognized for the Fiscal Year:	
Service Cost	750,110
Interest on the Total OPEB Liability	1,038,771
Differences Between Expected and Actual Experience	(4,743,804)
Changes of Assumptions	344,925
Gross Benefit Payments	(710,136)
Contributions from the Member	<u>21,050</u>
Net Changes	\$ <u>(3,299,084)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 23,133,698</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 27,330,039	\$ 23,133,698	\$ 19,800,355

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 19,061,136	\$ 23,133,698	\$ 28,524,934

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

F. Tax Abatements

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

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

NOTE 5 MERGER OF NON-OPERATING SCHOOL DISTRICT

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

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

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

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

BUDGETARY COMPARISON SCHEDULES

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 8,625,259		\$ 8,625,259	\$ 8,625,259	
Transportation Fees from Other LEAs	45,000		45,000	1,536	\$ (43,464)
Interest on Maintenance Reserve	1,000		1,000	1,000	
Interest on Capital Reserve	1,000		1,000	1,000	
Miscellaneous	3,000	-	3,000	62,881	59,881
Total Local Sources	8,675,259	-	8,675,259	8,691,676	16,417
State Sources					
Transportation Aid	253,966		253,966	253,966	
Special Education Categorical Aid	412,297		412,297	412,297	-
Equalization Aid	3,996		3,996	3,996	-
Security Aid	48,682		48,682	48,682	
Adjustment Aid	1,016,545		1,016,545	1,016,545	-
Extraordinary Aid				232,707	232,707
Additional Non Public Transportation Aid				3,350	3,350
On-behalf TPAF Pension System Payments(Non-Budget)					
Normal Cost				1,052,989	1,052,989
NCGI				18,874	18,874
Post Retirement Medical Contribution				397,641	397,641
Long-Term Disability Insurance Contribution				1,120	1,120
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	379,450	379,450
Total State Sources	1,735,486	-	1,735,486	3,821,617	2,086,131
Total Revenues	10,410,745	-	10,410,745	12,513,293	2,102,548
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	238,012	\$ (2,244)	235,768	235,268	500
Grades 1-5	1,700,398	2,238	1,702,636	1,702,636	-
Grades 6-8	1,230,201	(20,061)	1,210,140	1,210,140	-
Regular Program - Home Instruction					
Salaries of Teachers	3,000	(1,461)	1,539	1,539	
Purchased Professional-Educational Services	1,500	(70)	1,430	1,430	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	51,053	227	51,280	51,280	-
Other Purchased Services	94,336	222,153	316,489	316,489	-
General Supplies	115,806	63,813	179,619	112,945	66,674
Textbooks	61,000	(6,710)	54,290	50,552	3,738
Other Objects	-	452	452	452	-
Total Regular Programs	3,495,306	258,337	3,753,643	3,682,731	70,912

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	-	\$ 66,025	\$ 66,025	\$ 66,025	
Other Salaries for Instruction	-	13,727	13,727	13,727	
General Supplies	-	507	507	507	-
Total Multiple Disabilities	-	80,259	80,259	80,259	-
Resource Room/Resource Center					
Salaries of Teachers	\$ 667,672	(70,250)	\$ 597,422	\$ 597,422	-
Other Salaries for Instruction	239,545	7,923	247,468	247,468	-
General Supplies	4,735	(971)	3,764	3,763	\$ 1
Total Resource Room/Resource Center	911,952	(63,298)	848,654	848,653	1
Preschool Disabilities - Part-Time					
Salaries of Teachers	57,702	11,931	69,633	69,633	-
Other Salaries for Instruction	30,802	18	30,820	30,820	-
General Supplies	690	(690)	-	-	-
Total Preschool Disabilities - Part-Time	89,194	11,259	100,453	100,453	-
Total Special Education	1,001,146	28,220	1,029,366	1,029,365	1
Basic Skills/Remedial					
Salaries of Teachers	334,527	(2,405)	332,122	332,122	-
General Supplies	2,335	(768)	1,567	1,566	1
Total Basic Skills/Remedial	336,862	(3,173)	333,689	333,688	1
School Sponsored Co/Extra Curricular Activities					
Salaries	38,300	(2,566)	35,734	35,734	-
Purchased Services	2,250	(1,995)	255	255	-
Supplies and Materials	1,900	-	1,900	1,900	-
Transfer to Cover Deficit	7,500	13,740	21,240	21,240	-
Total School Sponsored Co/Extra Curricular Activities	49,950	9,179	59,129	59,129	-
School Sponsored Athletics					
Salaries	23,900	(651)	23,249	23,249	-
Purchased Services	6,660	(2,930)	3,730	3,730	-
Supplies and Materials	700	(700)	-	-	-
Total School Sponsored Athletics	31,260	(4,281)	26,979	26,979	-
Summer School - Instruction					
Salaries of Teachers	31,706	(15,073)	16,633	16,633	-
Other Salaries of Instruction	-	3,997	3,997	3,997	-
Purchased Professional and Technical Services	2,880	(2,880)	-	-	-
General Supplies	500	(500)	-	-	-
Total Summer School - Instruction	35,086	(14,456)	20,630	20,630	-
Total Instruction	4,949,610	273,826	5,223,436	5,152,522	70,914

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	\$ 120,000	\$ (78,419)	\$ 41,581	\$ 17,431	\$ 24,150
Tuition to Priv. Sch. for the Disabled Within the State	-	66,420	66,420	66,420	-
Total Undistributed Expenditures - Instruction	120,000	(11,999)	108,001	83,851	24,150
Health Services					
Salaries	65,876	(2,398)	63,478	63,478	-
Purchased Professional and Technical Services	6,100	3,040	9,140	9,140	-
Supplies and Materials	7,500	4,741	12,241	12,240	1
Other Objects	200	(200)	-	-	-
Total Health Services	79,676	5,183	84,859	84,858	1
Speech, OT, PT & Related Services					
Salaries	136,170	(31,009)	105,161	105,161	-
Purchased Professional-Educational Services	8,500	44,852	53,352	53,352	-
Supplies and Materials	785	26	811	810	1
Total Speech, OT, PT & Related Services	145,455	13,869	159,324	159,323	1
Guidance					
Salaries of Other Professional Staff	167,271	-	167,271	167,271	-
Supplies and Materials	530	(530)	-	-	-
Total Guidance	167,801	(530)	167,271	167,271	-
Child Study Teams					
Salaries of Other Professional Staff	261,083	4,851	265,934	265,933	1
Supplies and Materials	5,216	(1,774)	3,442	3,354	88
Other Objects	200	(200)	-	-	-
Total Child Study Teams	266,499	2,877	269,376	269,287	89
Improvement of Inst. Serv.					
Salaries of Other Professional Staff	105,930	1,838	107,768	107,768	-
Other Purchased Services	400	(400)	-	-	-
Other Objects	1,200	(191)	1,009	1,009	-
Total Improvement of Inst. Serv.	107,530	1,247	108,777	108,777	-

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 33,125	\$ (540)	\$ 32,585	\$ 32,585	
Supplies and Materials	12,300	(1,905)	10,395	10,394	\$ 1
Total Educational Media Serv./School Library	45,425	(2,445)	42,980	42,979	1
Instructional Staff Training Services					
Other Purchased Services	8,250	(3,152)	5,098	5,097	1
Total Instructional Staff Training Services	8,250	(3,152)	5,098	5,097	1
Support Services General Administration					
Salaries	206,677	1	206,678	206,677	1
Legal Services	10,000	(2,362)	7,638	7,637	1
Audit Fees	23,000	23,407	46,407	22,707	23,700
Architectural/Engineering Services	2,000	1,000	3,000	3,000	-
Other Purchased Professional Services	2,350	(655)	1,695	1,695	-
Purchased Technical Services		712	712	711	1
Communications/Telephone	14,000	4,948	18,948	18,947	1
BOE Other Purchased Services	3,000	(1,517)	1,483	1,481	2
Misc Purchased Services	2,900	(255)	2,645	2,644	1
General Supplies	3,500	(279)	3,221	3,220	1
Miscellaneous Expenditures	10,400	(1,411)	8,989	8,989	-
Total Support Services General Administration	277,827	23,589	301,416	277,708	23,708
Support Services School Administration					
Salaries of Principal/Asst. Principals	149,108	-	149,108	149,107	1
Salaries of Secretarial and Clerical Assistants	94,204	340	94,544	94,542	2
Other Purchased Services	4,050	(1,471)	2,579	2,578	1
Supplies and Materials	4,500	(1,406)	3,094	3,094	-
Other Objects	1,800	(1,451)	349	348	1
Total Support Services School Administration	253,662	(3,988)	249,674	249,669	5
Central Services					
Salaries	227,698	(5,210)	222,488	222,488	
Purchased Professional Services	12,700	(1,268)	11,432	11,431	1
Purchased Technical Services	2,900	(850)	2,050	2,050	
Miscellaneous Purchased Services	2,600	(2,014)	586	586	-
Supplies and Materials	13,500	(3,064)	10,436	10,436	-
Interest on Lease Purchase Agreements	3,100	(752)	2,348	2,348	
Miscellaneous Expenditures	1,850	135	1,985	1,985	-
Total Central Services	264,348	(13,023)	251,325	251,324	1
Admin. Info. Tech.					
Salaries	79,210	1	79,211	79,210	1
Other Purchased Services	2,000	(1,706)	294	294	-
Total Admin. Info. Tech.	81,210	(1,705)	79,505	79,504	1
Required Maintenance for School Facilities					
Salaries	73,433	73,000	146,433	73,432	73,001
Cleaning, Repair and Maintenance	6,000	144,441	150,441	147,567	2,874
General Supplies	8,500	19,583	28,083	15,599	12,484
Total Required Maintenance for School Fac.	87,933	237,024	324,957	236,598	88,359

FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 287,945	\$ (21,530)	\$ 266,415	\$ 266,413	\$ 2
Cleaning, Repair and Maint. Serv.	129,900	(8,705)	121,195	117,814	3,381
Lease Purchase Payments - Energy Savings Imprv Program	70,761	390,776	461,537	461,537	-
Other Purchased Property Services	6,000	(5)	5,995	5,995	-
Insurance	95,264	9,025	104,289	104,289	-
Miscellaneous Purchased Services	1,250	(1,250)	-	-	-
General Supplies	40,000	22,215	62,215	54,522	7,693
Energy (Natural Gas)	58,000	(11,154)	46,846	46,845	1
Energy (Electricity)	80,000	(5,535)	74,465	74,465	-
Other Objects	1,800	371	2,171	2,170	1
Total Custodial Services	770,920	374,208	1,145,128	1,134,050	11,078
Student Transportation Services					
Salaries of Non-Instructional Aides	21,135	(9,637)	11,498	11,498	-
Salaries for Pupil Transportation (Between Home and School) - Regular	111,543	(206)	111,337	111,336	1
Salaries for Pupil Transportation (Between Home and School) - Special	31,680	(28,488)	3,192	3,192	-
Salaries for Pupil Transportation (Other Than Between Home and School)	6,200	(3,924)	2,276	2,275	1
Other Purchased Prof. and Tech. Services	5,700	(520)	5,180	5,180	-
Cleaning, Repair and Maintenance Services	25,000	3,192	28,192	27,942	250
Lease Purchase Payments - School Buses	24,545	15,294	39,839	39,838	1
Contracted Services - Aid in Lieu of Payments- Non-Public Schools	25,000	(14,913)	10,087	9,088	999
Contracted Services (Between Home and School)- Vendors	296,623	(43,208)	253,415	253,415	-
Contracted Services (Other than Between Home and School)-Vendors	12,000	(5,163)	6,837	6,837	-
Contracted Services (Between Home and School)- Joint Agreements	19,128	(3,378)	15,750	15,750	-
Contracted Services (Sp. Ed. Students) Vendors	9,000	(3,737)	5,263	5,263	-
Misc. Purchased Serv. - Transportation	4,946	(377)	4,569	4,568	1
General Supplies	17,000	(7,127)	9,873	9,247	626
Other Objects	1,200	(120)	1,080	1,080	-
Total Student Transportation Services	610,700	(102,312)	508,388	506,509	1,879
Unallocated Benefits - Employee Benefits					
Social Security Contributions	125,700	-	125,700	111,952	13,748
Other Retirement Contributions-PERS	140,000	-	140,000	128,307	11,693
Other Retirement Contributions-Regular	9,000	-	9,000	6,953	2,047
Workmen's Compensation	149,052	(20,126)	128,926	128,926	-
Health Benefits	1,695,010	(291,483)	1,403,527	1,389,111	14,416
Tuition Reimbursement	37,500	15,600	53,100	52,540	560
Other Employee Benefits	10,500	3,200	13,700	12,832	868
Unused Sick Pay to Terminated/Retired Staff	57,000	26,060	83,060	83,060	-
Total Unallocated Benefits - Employee Benefits	2,223,762	(266,749)	1,957,013	1,913,681	43,332

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
On-behalf TPAF Pension System Payments(Non-Budget)					
Normal Cost				\$ 1,052,989	\$ (1,052,989)
NCGI				18,874	(18,874)
Post Retirement Medical Contribution				397,641	(397,641)
Long-Term Disability Insurance Contribution				1,120	(1,120)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	379,450	(379,450)
Total Undistributed Expenditures	\$ 5,510,998	\$ 252,094	\$ 5,763,092	7,420,560	(1,657,468)
Interest Earned on Maintenance Reserve	1,000	-	1,000	-	1,000
Total Expenditures - Current Expenditures	10,461,608	525,920	10,987,528	12,573,082	(1,585,554)
CAPITAL OUTLAY					
Equipment					
Undistributed - Custodial Services	-	47,624	47,624	35,945	11,679
Undistributed School Buses - Regular	-	10,000	10,000	10,000	-
Total Equipment	-	57,624	57,624	45,945	11,679
Facilities Acquisition and Construction Services					
Architect / Engineering Services		94,800	94,800	87,650	7,150
Construction Services		1,208,026	1,208,026	631,354	576,672
Lease Purchase Agreements - Principal	22,000	(2,934)	19,066	19,066	-
Assessment for Debt Service on SDA Funding	250	-	250	250	-
Total Facilities Acquisition and Construction Services	22,250	1,299,892	1,322,142	738,320	583,822
Increase in Capital Reserve	100,000		100,000		100,000
Interest Deposit to Capital Reserve	1,000	-	1,000	-	1,000
Total Capital Outlay	123,250	1,357,516	1,480,766	784,265	696,501
Transfer of Funds to Charter Schools	75,887	(47,025)	28,862	26,252	2,610
Total Expenditures	10,660,745	1,836,411	12,497,156	13,383,599	(886,443)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(250,000)	(1,836,411)	(2,086,411)	(870,306)	1,216,105
Other Financing Sources (Uses)					
Transfer from Capital Projects				157,725	157,725
Transfer to Cover Deficit - Food Service Fund	-	(3,300)	(3,300)	(3,300)	-
Total Other Financing Sources (Uses)	-	(3,300)	(3,300)	154,425	157,725
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(250,000)	(1,839,711)	(2,089,711)	(715,881)	1,373,830
Fund Balance, Beginning of Year	2,511,008	-	2,511,008	2,511,008	-
Fund Balance, End of Year	\$ 2,261,008	\$ (1,839,711)	\$ 421,297	\$ 1,795,127	\$ 1,373,830

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Actual</u>
Recapitulation of Fund Balance	
Restricted Fund Balance	
Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 150,000
Excess Surplus	150,000
Capital Reserve	297,680
Maintenance Reserve	108,441
Committed Fund Balance	
Year End Encumbrances	506,358
Assigned	
Year End Encumbrances	96,591
Unassigned	486,057
Reconciliation to Governmental Funds Statements (GAAP):	1,795,127
Less: State Aid Payments Not Recognized on GAAP Basis	(406,230)
Fund Balance Per Governmental Funds (GAAP)	\$ 1,388,897

FRANKFORD TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Intergovernmental					
Local	\$ 18,000	\$ 56,365	\$ 74,365	\$ 34,971	\$ (39,394)
Federal	215,000	76,822	291,822	249,330	(42,492)
Total Revenues	<u>233,000</u>	<u>133,187</u>	<u>366,187</u>	<u>284,301</u>	<u>(81,886)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers					
Other Purchased Services		45,676	45,676	45,676	
General Supplies	-	32,694	32,694	30,692	2,002
Total Instruction	<u>-</u>	<u>78,370</u>	<u>78,370</u>	<u>76,368</u>	<u>2,002</u>
Support Services					
Salaries of Teachers		92,330	92,330	75,703	16,627
Personal Services - Employee Benefits	215,000	(207,962)	7,038	5,777	1,261
Purchased Professional/Technical Services		78,637	78,637	72,053	6,584
Other Purchased Services		28,377	28,377	20,913	7,464
General Supplies	18,000	47,837	65,837	17,889	47,948
Total Support Services	<u>233,000</u>	<u>39,219</u>	<u>272,219</u>	<u>192,335</u>	<u>79,884</u>
Facilities Acquisition and Construction Services					
Non-Instructional Equipment	-	15,598	15,598	15,598	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>15,598</u>	<u>15,598</u>	<u>15,598</u>	<u>-</u>
Total Expenditures	<u>233,000</u>	<u>133,187</u>	<u>366,187</u>	<u>284,301</u>	<u>81,886</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedules (Exhibits C1 & C2)	\$ 12,513,293	\$ 284,301
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2019		19,447
Encumbrances, June 30, 2020		(9,697)
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (Prior Year)	385,386	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statement (Current Year)	<u>(406,230)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 12,492,449</u>	<u>\$ 294,051</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C1 & C2)	<u>\$ 13,383,599</u>	<u>\$ 284,301</u>
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2019		19,447
Encumbrances, June 30, 2020	<u>-</u>	<u>(9,697)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 13,383,599</u>	<u>\$ 294,051</u>

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

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Seven Fiscal Years ***

	<u>2020</u>	<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)	0.01317 %	0.01323 %	0.01313 %	0.01343 %	0.01305 %	0.01245 %	0.01324 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,372,491</u>	<u>\$ 2,605,619</u>	<u>\$ 3,058,077</u>	<u>\$ 3,978,908</u>	<u>\$ 2,930,795</u>	<u>\$ 2,332,252</u>	<u>\$ 2,532,109</u>
District's Covered Payroll	<u>\$ 911,218</u>	<u>\$ 945,432</u>	<u>\$ 922,575</u>	<u>\$ 911,591</u>	<u>\$ 918,471</u>	<u>\$ 892,515</u>	<u>\$ 862,543</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	260%	276%	331%	436%	319%	261%	294%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Seven Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 128,077	\$ 131,631	\$ 121,700	\$ 119,350	\$ 112,246	\$ 102,692	\$ 99,827
Contributions in Relation to the Contractually Required Contributions	<u>128,077</u>	<u>131,631</u>	<u>121,700</u>	<u>119,350</u>	<u>112,246</u>	<u>102,692</u>	<u>99,827</u>
Contribution Deficiency (Excess)	<u>\$ -</u>						
District's Covered Payroll	<u>\$ 887,750</u>	<u>\$ 911,218</u>	<u>\$ 945,432</u>	<u>\$ 922,575</u>	<u>\$ 911,591</u>	<u>\$ 918,471</u>	<u>\$ 892,515</u>
Contributions as a Percentage of Covered Payroll	14.43%	14.45%	12.87%	12.94%	12.31%	11.18%	11.18%

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

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

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

	<u>2020</u>	<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>\$ 29,703,402</u>	<u>\$ 31,922,926</u>	<u>\$ 35,587,194</u>	<u>\$ 39,262,628</u>	<u>\$ 32,375,441</u>	<u>\$ 29,418,262</u>	<u>\$ 28,073,544</u>
Total	<u>\$ 29,703,402</u>	<u>\$ 31,922,926</u>	<u>\$ 35,587,194</u>	<u>\$ 39,262,628</u>	<u>\$ 32,375,441</u>	<u>\$ 29,418,262</u>	<u>\$ 28,073,544</u>
District's Covered Payroll	<u>\$ 5,101,315</u>	<u>\$ 5,168,223</u>	<u>\$ 5,137,801</u>	<u>\$ 5,075,721</u>	<u>\$ 5,240,681</u>	<u>\$ 5,096,953</u>	<u>\$ 5,209,726</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Change of Benefit Terms: None.

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

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 750,110	\$ 855,531	\$ 1,005,870
Interest on Total OPEB Liability	1,038,771	1,148,675	1,006,519
Differences Between Expected and Actual Experience	(4,743,804)	(3,424,299)	
Changes of Assumptions	344,925	(3,033,294)	(4,170,661)
Gross Benefit Payments	(710,136)	(706,803)	(544,964)
Contribution from the Member	<u>21,050</u>	<u>24,428</u>	<u>20,067</u>
Net Change in Total OPEB Liability	(3,299,084)	(5,135,762)	(2,683,169)
Total OPEB Liability - Beginning	<u>26,432,782</u>	<u>31,568,544</u>	<u>34,251,713</u>
Total OPEB Liability - Ending	<u>\$ 23,133,698</u>	<u>\$ 26,432,782</u>	<u>\$ 31,568,544</u>
District's Proportionate Share of OPEB Liability		\$0	\$0
State's Proportionate Share of OPEB Liability	<u>23,133,698</u>	<u>26,432,782</u>	<u>31,568,544</u>
Total OPEB Liability - Ending	<u>\$ 23,133,698</u>	<u>\$ 26,432,782</u>	<u>\$ 31,568,544</u>
District's Covered Payroll	<u>\$ 6,012,533</u>	<u>\$ 6,113,655</u>	<u>\$ 6,060,376</u>
District's Proportionate Share of the			
Total OPEB Liability as a Percentage of its			
Covered Payroll	0%	0%	0%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Title I</u>	<u>Title II Part A</u>	<u>Rural Education Achievement</u>	<u>Local Grants</u>	<u>Total</u>
REVENUES							
Intergovernmental							
Local						\$ 34,971	\$ 34,971
Federal	\$ 141,327	\$ 6,925	\$ 38,447	\$ 22,554	\$ 40,077	-	\$ 249,330
Total Revenues	<u>\$ 141,327</u>	<u>\$ 6,925</u>	<u>\$ 38,447</u>	<u>\$ 22,554</u>	<u>\$ 40,077</u>	<u>\$ 34,971</u>	<u>\$ 284,301</u>
EXPENDITURES							
Instruction							
Other Purchased Services	\$ 45,676						\$ 45,676
General Supplies	500	\$ 706	\$ 14,176	-	\$ 15,310	-	\$ 30,692
Total Instruction	<u>46,176</u>	<u>706</u>	<u>14,176</u>	<u>-</u>	<u>15,310</u>	<u>-</u>	<u>76,368</u>
Support Services							
Salaries of Teachers	38,834	3,051	19,330		9,025	\$ 5,463	75,703
Personal Services - Employee Benefits	2,971	233	1,478		690	405	5,777
Purchased Professional/Technical Services	50,346	2,095	2,831	\$ 16,781			72,053
Other Purchased Services					15,052	5,861	20,913
General Supplies	3,000	840	632	5,773	-	7,644	17,889
Total Support Services	<u>95,151</u>	<u>6,219</u>	<u>24,271</u>	<u>22,554</u>	<u>24,767</u>	<u>19,373</u>	<u>192,335</u>
Facilities Acquisition and Construction Services							
Non-Instructional Equipment	-	-	-	-	-	15,598	15,598
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,598</u>	<u>15,598</u>
Total Expenditures	<u>\$ 141,327</u>	<u>\$ 6,925</u>	<u>\$ 38,447</u>	<u>\$ 22,554</u>	<u>\$ 40,077</u>	<u>\$ 34,971</u>	<u>\$ 284,301</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

CAPITAL PROJECTS FUND

FRANKFORD TOWNSHIP BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Issue/Project Title</u>	<u>Project Number</u>	<u>Original Amount Authorized</u>	<u>Amended Authorization</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Balance, June 30, 2020</u>
				<u>Prior Year</u>	<u>Current Year</u>		
New Security Vestibules and Partial Roof Replacement	SP#1560-050-16-1000	\$ 1,463,216	\$ 200,000	\$ 1,486,540	\$ 15,785	\$ 160,891	\$ -
		<u>\$ 1,463,216</u>	<u>\$ 200,000</u>	<u>\$ 1,486,540</u>	<u>\$ 15,785</u>	<u>\$ 160,891</u>	<u>\$ -</u>
						\$ 157,675	
						<u>3,216</u>	
						<u>\$ 160,891</u>	
							\$ -
							\$ -
							\$ -

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Revenues and Other Financing Sources	
Miscellaneous	\$ <u>50</u>
Total Revenues and Other Financing Sources	<u>50</u>
Expenditures and Other Financing Uses	
Construction Services	15,785
Transfer to Capital Reserve	<u>157,725</u>
Total Expenditures and Other Financing Uses	<u>173,510</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(173,460)
Fund Balance - Beginning of Year	<u>173,460</u>
Fund Balance - End of Year	<u><u>\$ -</u></u>

FRANKFORD TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
NEW SECURITY VESTIBULES AND PARTIAL ROOF REPLACEMENT-FRANKFORD SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 1,460,000		\$ 1,460,000	\$ 1,463,216
Transfer from Capital Reserve	200,000	-	200,000	200,000
	<u>1,660,000</u>	<u>-</u>	<u>1,660,000</u>	<u>1,663,216</u>
Expenditures and Other Financing Uses				
Legal Services	39,744		39,744	69,283
Architect and Engineer Services	146,575		146,575	148,125
Construction Services	1,300,221	\$ 15,785	1,316,006	1,445,808
Transfer to Capital Reserve	-	157,675	157,675	-
	<u>1,486,540</u>	<u>173,460</u>	<u>1,660,000</u>	<u>1,663,216</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 173,460</u>	<u>\$ (173,460)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

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

Percentage Increase Over Original

Authorized Cost	13.67%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2017
Revised Target Completion Date	December 31, 2019

ENTERPRISE FUND

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

	<u>Non-Major Programs</u>		
	<u>Summer Enrichment Fund</u>	<u>Preschool Program Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 3,980	\$ -	\$ 3,980
Total Current Assets	<u>3,980</u>	<u>-</u>	<u>3,980</u>
Total Assets	<u>3,980</u>	<u>-</u>	<u>3,980</u>
LIABILITIES			
Current Liabilities			
Due to Other Funds	1,324	-	1,324
Total Current Liabilities	<u>1,324</u>	<u>-</u>	<u>1,324</u>
Total Liabilities	<u>1,324</u>	<u>-</u>	<u>1,324</u>
NET POSITION			
Unrestricted	<u>2,656</u>	<u>-</u>	<u>2,656</u>
Total Net Position	<u>\$ 2,656</u>	<u>\$ -</u>	<u>\$ 2,656</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Non-Major Programs		
	Summer Enrichment Fund	Preschool Program Fund	Total
OPERATING REVENUES			
Charges for Services			
Program Fees	\$ 5,335	\$ 19,250	\$ 24,585
Total Operating Revenues	<u>5,335</u>	<u>19,250</u>	<u>24,585</u>
OPERATING EXPENSES			
Salaries, Wages and Payroll Taxes	17,914	19,250	37,164
Supplies	609		609
Miscellaneous	4,444	-	4,444
Total Operating Expenses	<u>22,967</u>	<u>19,250</u>	<u>42,217</u>
Operating Income (Loss)	<u>(17,632)</u>	<u>-</u>	<u>(17,632)</u>
Net Position, Beginning of Year	<u>20,288</u>	<u>-</u>	<u>20,288</u>
Net Position, End of Year	<u>\$ 2,656</u>	<u>\$ -</u>	<u>\$ 2,656</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Non-Major Programs		
	Summer Enrichment Fund	Preschool Program Fund	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 5,335	\$ 19,250	\$ 24,585
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(17,914)	(19,250)	(37,164)
Cash Payments to Suppliers for Goods and Services	(5,053)	-	(5,053)
Net Cash (Used for) Operating Activities	(17,632)	-	(17,632)
Cash Flows from Noncapital Financing Activities			
Cash Received from Other Funds	1,824	-	1,824
Net Cash Provided by Noncapital Financing Activities	1,824	-	1,824
Net (Decrease) in Cash and Cash Equivalents	(15,808)	-	(15,808)
Cash and Cash Equivalents, Beginning of Year	19,788	-	19,788
Cash and Cash Equivalents, End of Year	\$ 3,980	\$ -	\$ 3,980
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities			
Operating (Loss)	\$ (17,632)	\$ -	\$ (17,632)
Net Cash (Used for) Operating Activities	\$ (17,632)	\$ -	\$ (17,632)

FIDUCIARY FUNDS

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2020**

	<u>Agency</u>		
	<u>Student</u>	<u>Payroll</u>	<u>Total</u>
	<u>Activity</u>		
ASSETS			
Cash and Cash Equivalents	\$ 43,593	\$ 22,477	\$ 66,070
Total Assets	<u>\$ 43,593</u>	<u>\$ 22,477</u>	<u>\$ 66,070</u>
LIABILITIES			
Due to Other Funds		\$ 22,477	\$ 22,477
Due to Student Groups	<u>\$ 43,593</u>	<u>-</u>	<u>\$ 43,593</u>
Total Liabilities	<u>\$ 43,593</u>	<u>\$ 22,477</u>	<u>\$ 66,070</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance, July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2020</u>
Elementary Schools				
General Organization	\$ 41,793	\$ 84,742	\$ 82,942	\$ 43,593
 Total All Schools	<u>\$ 41,793</u>	<u>\$ 84,742</u>	<u>\$ 82,942</u>	<u>\$ 43,593</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Balance, July 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2020</u>
LIABILITIES				
Payroll Deductions and Withholdings		\$ 3,229,899	\$ 3,229,899	
Due to Other Funds	\$ 2,425	23,602	3,550	\$ 22,477
Accrued Salaries and Wages	<u>-</u>	<u>4,269,447</u>	<u>4,269,447</u>	<u>-</u>
 Total	 <u>\$ 2,425</u>	 <u>\$ 7,522,948</u>	 <u>\$ 7,502,896</u>	 <u>\$ 22,477</u>

LONG-TERM DEBT

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
School Bonds	3/15/2019	\$ 1,460,000	3/15/2021	\$ 180,000	2.000%				
			3/15/2022	135,000	2.000%				
			3/15/2023	140,000	2.000%				
			3/15/2024-2025	145,000	2.000%				
			3/15/2026	150,000	2.000%				
			3/15/2027	155,000	2.250%				
			3/15/2028	160,000	2.500%				
			3/15/2029	160,000	3.000%	\$ 1,460,000	\$ -	90,000	\$ 1,370,000
						<u>\$ 1,460,000</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 1,370,000</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
Governmental Activities:					
2013 Energy Efficiency Upgrades	\$ 763,495	\$ 435,728		\$ 435,728	
2017 One (1) 29 Passenger School Bus	78,000	31,843		15,600	\$ 16,243
2017 Four (4) Savin MP Copiers	16,481	5,543		5,543	
2017 Lighting Equipment	98,903	59,484		59,484	
2019 Four (4) Savin MP Copiers	18,094	14,147		14,147	
2019 One (1) Van	29,124	21,510		21,510	
2019 Technology Upgrades	133,496	105,139		105,139	
2019 Fiber Project Upgrade	8,142	6,412		6,412	
2019 Chromebooks	129,303	95,519	-	95,519	-
Governmental Activity Capital Leases Payable		<u>\$ 775,325</u>	<u>\$ -</u>	<u>\$ 759,082</u>	<u>\$ 16,243</u>
Business-Type Activities:					
2019 Two (2) Food Service Ranges	\$ 15,540	\$ 12,238		\$ 12,238	
2019 Two (2) Food Service Convection Ovens	10,075	7,934	-	7,934	-
Business-Type Activity Capital Leases Payable		<u>\$ 20,172</u>	<u>\$ -</u>	<u>\$ 20,172</u>	<u>\$ -</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 100,477	-	\$ 100,477	\$ 100,477	-
Total Revenues	<u>100,477</u>	<u>-</u>	<u>100,477</u>	<u>100,477</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	90,000		90,000	90,000	
Interest	31,988	-	31,988	31,988	-
Total Expenditures	<u>121,988</u>	<u>-</u>	<u>121,988</u>	<u>121,988</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,511)</u>	<u>-</u>	<u>(21,511)</u>	<u>(21,511)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>21,553</u>	\$ -	<u>21,553</u>	<u>21,553</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 42</u>	<u>\$ -</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Debt Service:					
Designated for Subsequent Years Debt Service Expenditures				<u>42</u>	
				<u>\$ 42</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
				(Restated)						
Governmental Activities										
Net Investment in Capital Assets	\$ 2,091,278	\$ 1,297,422	\$ 1,626,984	\$ 1,761,254	\$ 1,810,762	\$ 2,244,763	\$ 3,167,318	\$ 3,655,266	\$ 2,784,764	\$ 3,885,244
Restricted	250,252	352,002	486,258	627,392	865,648	954,980	657,179	406,802	1,478,455	406,163
Unrestricted	(548,551)	564,824	206,684	(2,340,633)	(2,308,280)	(2,431,600)	(2,649,351)	(2,824,204)	(2,839,669)	(2,504,492)
Total Governmental Activities Net Position	<u>\$ 1,792,979</u>	<u>\$ 2,214,248</u>	<u>\$ 2,319,926</u>	<u>\$ 48,013</u>	<u>\$ 368,130</u>	<u>\$ 768,143</u>	<u>\$ 1,175,146</u>	<u>\$ 1,237,864</u>	<u>\$ 1,423,550</u>	<u>\$ 1,786,915</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 6,716							\$ 9,067	\$ 1,873	\$ 19,483
Unrestricted	21,512	\$ 23,119	\$ 26,505	\$ 25,189	\$ 19,705	\$ 27,838	\$ 33,286	25,336	32,013	(23,069)
Total Business-Type Activities Net Position	<u>\$ 28,228</u>	<u>\$ 23,119</u>	<u>\$ 26,505</u>	<u>\$ 25,189</u>	<u>\$ 19,705</u>	<u>\$ 27,838</u>	<u>\$ 33,286</u>	<u>\$ 34,403</u>	<u>\$ 33,886</u>	<u>\$ (3,586)</u>
District-Wide										
Net Investment in Capital Assets	\$ 2,097,994	\$ 1,297,422	\$ 1,626,984	\$ 1,761,254	\$ 1,810,762	\$ 2,244,763	\$ 3,167,318	\$ 3,664,333	\$ 2,786,637	\$ 3,904,727
Restricted	250,252	352,002	486,258	627,392	865,648	954,980	657,179	406,802	1,478,455	406,163
Unrestricted	(527,039)	587,943	233,189	(2,315,444)	(2,288,575)	(2,403,762)	(2,616,065)	(2,798,868)	(2,807,656)	(2,527,561)
Total District Net Position	<u>\$ 1,821,207</u>	<u>\$ 2,237,367</u>	<u>\$ 2,346,431</u>	<u>\$ 73,202</u>	<u>\$ 387,835</u>	<u>\$ 795,981</u>	<u>\$ 1,208,432</u>	<u>\$ 1,272,267</u>	<u>\$ 1,457,436</u>	<u>\$ 1,783,329</u>

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,831,186	\$ 5,026,078	\$ 5,102,326	\$ 4,959,412	\$ 6,230,212	\$ 6,293,203	\$ 6,885,550	\$ 7,171,133	\$ 6,325,045	\$ 5,857,514
Special education	1,762,599	1,927,132	2,002,307	1,779,876	2,188,639	1,993,996	2,073,288	2,357,013	2,024,498	1,749,916
Other instruction	419,500	297,106	413,561	553,783	422,503	603,523	648,682	705,760	637,549	615,821
School Sponsored Activities and Athletics	92,265	72,894	104,678	87,743	112,344	137,138	153,983	147,898	129,172	130,901
Support Services:										
Student & instruction related services	1,168,097	1,231,467	1,223,638	1,254,935	1,212,357	1,212,985	1,337,019	1,423,622	1,300,380	1,259,771
General administration services	325,811	329,924	337,213	372,785	400,845	495,033	504,345	460,810	464,971	416,226
School Administrative services	315,649	339,809	366,645	330,275	378,911	406,830	440,736	467,143	444,531	416,914
Business / Central Services	321,433	351,288	362,338	391,822	434,261	468,485	524,341	578,898	548,827	475,881
Plant operations and maintenance	1,092,718	1,056,117	990,943	1,135,930	1,080,322	1,275,287	1,149,311	1,255,414	1,227,677	1,386,030
Pupil transportation	817,235	604,957	580,363	552,538	515,751	545,735	525,744	655,073	622,987	526,448
Interest On Long-Term Debt	15,369	26,970	44,911	38,682	30,999	26,292	25,324	28,145	25,139	78,962
Total Governmental Activities Expenses	<u>11,161,862</u>	<u>11,263,742</u>	<u>11,528,923</u>	<u>11,457,781</u>	<u>13,007,144</u>	<u>13,458,507</u>	<u>14,268,323</u>	<u>15,250,909</u>	<u>13,750,776</u>	<u>12,914,384</u>
Business-Type Activities:										
Food Service	167,320	163,299	145,552	149,642	155,152	158,703	162,274	169,984	171,325	132,285
Summer Enrichment	17,214	14,313	15,304	15,531	13,098	12,690	23,307	27,759	21,057	22,967
Preschool Program	17,917	25,100	25,901	35,795	28,144	30,407	24,825	14,669	23,806	19,250
Total Business-Type Activities Expense	<u>202,451</u>	<u>202,712</u>	<u>186,757</u>	<u>200,968</u>	<u>196,394</u>	<u>201,800</u>	<u>210,406</u>	<u>212,412</u>	<u>216,188</u>	<u>174,502</u>
Total District Expenses	<u>\$ 11,364,313</u>	<u>\$ 11,466,454</u>	<u>\$ 11,715,680</u>	<u>\$ 11,658,749</u>	<u>\$ 13,203,538</u>	<u>\$ 13,660,307</u>	<u>\$ 14,478,729</u>	<u>\$ 15,463,321</u>	<u>\$ 13,966,964</u>	<u>\$ 13,088,886</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction - Regular	\$ 6,269	\$ 50,259								
Instruction -Special education										
Pupil transportation										
Operating Grants And Contributions	1,601,434	1,788,281	\$ 2,020,174	1,893,405	3,338,360	3,740,474	4,762,663	5,428,935	4,191,834	3,452,911
Capital Grants And Contributions	13,190	62,932	-	27,238	6,603	160,261	6,270	-	-	-
Total Governmental Activities Program Revenues	<u>1,620,893</u>	<u>1,901,472</u>	<u>2,020,174</u>	<u>1,920,643</u>	<u>3,344,963</u>	<u>3,900,735</u>	<u>4,768,933</u>	<u>5,428,935</u>	<u>4,191,834</u>	<u>3,452,911</u>
Business-Type Activities:										
Charges For Services										
Food service	\$ 120,811	114,632	\$ 99,522	\$ 101,423	\$ 94,096	\$ 109,905	\$ 114,888	\$ 118,870	\$ 115,832	\$ 74,149
Summer Enrichment	13,672	15,322	15,390	10,638	11,294	15,585	31,244	23,219	24,669	5,335
Preschool Program	9,600	25,100	26,750	22,715	22,907	33,950	16,405	14,813	23,500	19,250
Operating Grants And Contributions	40,699	40,244	39,393	52,303	52,549	50,414	53,191	56,328	47,590	34,658
Capital Grants And Contributions										
Total Business Type Activities Program Revenues	<u>184,782</u>	<u>195,298</u>	<u>181,055</u>	<u>187,079</u>	<u>180,846</u>	<u>209,854</u>	<u>215,728</u>	<u>213,230</u>	<u>211,591</u>	<u>133,392</u>
Total District Program Revenues	<u>\$ 1,805,675</u>	<u>\$ 2,096,770</u>	<u>\$ 2,201,229</u>	<u>\$ 2,107,722</u>	<u>\$ 3,525,809</u>	<u>\$ 4,110,589</u>	<u>\$ 4,984,661</u>	<u>\$ 5,642,165</u>	<u>\$ 4,403,425</u>	<u>\$ 3,586,303</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (9,540,969)	\$ (9,362,270)	\$ (9,508,749)	\$ (9,537,138)	\$ (9,662,181)	\$ (9,557,772)	\$ (9,499,390)	\$ (9,821,974)	\$ (9,558,942)	\$ (9,461,473)
Business-Type Activities	(17,669)	(7,414)	(5,702)	(13,889)	(15,548)	8,054	5,322	818	(4,597)	(41,110)
Total District-Wide Net Expense	<u>\$ (9,558,638)</u>	<u>\$ (9,369,684)</u>	<u>\$ (9,514,451)</u>	<u>\$ (9,551,027)</u>	<u>\$ (9,677,729)</u>	<u>\$ (9,549,718)</u>	<u>\$ (9,494,068)</u>	<u>\$ (9,821,156)</u>	<u>\$ (9,563,539)</u>	<u>\$ (9,502,583)</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 7,993,671	\$ 8,018,172	\$ 8,178,510	\$ 8,339,428	\$ 8,501,764	\$ 8,496,908	\$ 8,427,693	\$ 8,388,639	\$ 8,373,947	\$ 8,625,259
Taxes Levied For Debt Service	89,463	95,000	77,468	69,327	85,292	58,218	82,973	103,323	78,303	100,477
State Aid - Levied For Debt Service									7,313	
Federal And State Aid - Unrestricted	1,428,528	1,673,117	1,341,900	1,343,148	1,355,507	1,356,499	1,352,235	1,324,872	1,188,837	1,035,935
Investment Earnings	7,054	6,832	3,544	4,054	5,842	6,127	15,600	39,057	59,282	36,533
Miscellaneous Income	1,974	4,418	32,005	53,877	43,893	35,734	27,892	28,801	40,246	29,934
Donated Capital Assets						4,299	-			
Transfers	(9,000)	(14,000)	(19,000)	(12,500)	(10,000)	-	-	-	(3,300)	(3,300)
Total Governmental Activities	<u>9,511,690</u>	<u>9,783,539</u>	<u>9,614,427</u>	<u>9,797,334</u>	<u>9,982,298</u>	<u>9,957,785</u>	<u>9,906,393</u>	<u>9,884,692</u>	<u>9,744,628</u>	<u>9,824,838</u>
Business-Type Activities:										
Investment Earnings	249	305	88	73	64	79	126	299	780	338
Transfers	9,000	2,000	9,000	12,500	10,000	-	-	-	3,300	3,300
Total Business-Type Activities	<u>9,249</u>	<u>2,305</u>	<u>9,088</u>	<u>12,573</u>	<u>10,064</u>	<u>79</u>	<u>126</u>	<u>299</u>	<u>4,080</u>	<u>3,638</u>
Total District-Wide	<u>\$ 9,520,939</u>	<u>\$ 9,785,844</u>	<u>\$ 9,623,515</u>	<u>\$ 9,809,907</u>	<u>\$ 9,992,362</u>	<u>\$ 9,957,864</u>	<u>\$ 9,906,519</u>	<u>\$ 9,884,991</u>	<u>\$ 9,748,708</u>	<u>\$ 9,828,476</u>
Change In Net Position										
Governmental Activities	\$ (29,279)	\$ 421,269	\$ 105,678	\$ 260,196	\$ 320,117	\$ 400,013	\$ 407,003	\$ 62,718	\$ 185,686	\$ 363,365
Business-Type Activities	(8,420)	(5,109)	3,386	(1,316)	(5,484)	8,133	5,448	1,117	(517)	(37,472)
Total District	<u>\$ (37,699)</u>	<u>\$ 416,160</u>	<u>\$ 109,064</u>	<u>\$ 258,880</u>	<u>\$ 314,633</u>	<u>\$ 408,146</u>	<u>\$ 412,451</u>	<u>\$ 63,835</u>	<u>\$ 185,169</u>	<u>\$ 325,893</u>

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

	<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>	<u>2020</u>
General Fund										
Nonspendable	\$ 11,666									
Restricted	568,205	\$ 683,784	\$ 918,039	\$ 938,045	\$ 1,020,617	\$ 1,464,506	\$ 2,019,680	\$ 2,186,058	\$ 1,683,442	\$ 706,121
Committed	48,457	418,087	52,878					26,400	302,666	506,358
Assigned		123,467		26,735	28,577	45,299	78,915	15,882	75,531	96,591
Unassigned	60,977	39,504	68,673	60,771	59,140	59,022	56,246	64,754	63,983	79,827
Total General Fund	<u>\$ 689,305</u>	<u>\$ 1,264,842</u>	<u>\$ 1,039,590</u>	<u>\$ 1,025,551</u>	<u>\$ 1,108,334</u>	<u>\$ 1,568,827</u>	<u>\$ 2,154,841</u>	<u>\$ 2,293,094</u>	<u>\$ 2,125,622</u>	<u>\$ 1,388,897</u>
All Other Governmental Funds										
Restricted		\$ 38,218	\$ 38,219	\$ 239,347	\$ 395,031	\$ 40,474	\$ (812,501)	\$ (1,163,522)	\$ 195,013	\$ 42
Unassigned	\$ (595,161)	-								
Total All Other Governmental Funds	<u>\$ (595,161)</u>	<u>\$ 38,218</u>	<u>\$ 38,219</u>	<u>\$ 239,347</u>	<u>\$ 395,031</u>	<u>\$ 40,474</u>	<u>\$ (812,501)</u>	<u>\$ (1,163,522)</u>	<u>\$ 195,013</u>	<u>\$ 42</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 8,083,134	\$ 8,113,172	\$ 8,255,978	\$ 8,408,755	\$ 8,587,056	\$ 8,555,126	\$ 8,510,666	\$ 8,491,962	\$ 8,452,250	\$ 8,725,736
Tuition Charges	6,269	50,259								
Interest Earnings	7,054	6,832	3,544	4,054	5,842	6,127	15,600	39,057	59,282	36,533
Miscellaneous	8,687	4,418	32,005	54,060	44,519	82,145	48,532	43,414	55,031	64,905
State Sources	2,824,706	3,185,874	3,136,952	3,058,281	3,122,242	3,396,963	3,491,172	3,690,687	3,887,463	3,800,773
Federal Sources	211,733	338,456	225,122	205,327	271,556	236,349	253,004	253,750	215,127	259,080
Total Revenue	11,141,583	11,699,011	11,653,601	11,730,477	12,031,215	12,276,710	12,318,974	12,518,870	12,669,153	12,887,027
Expenditures										
Instruction										
Regular Instruction	4,786,087	4,999,883	5,090,542	4,916,839	5,351,788	5,231,943	5,322,283	5,458,808	5,517,506	5,558,984
Special Education Instruction	1,757,078	1,938,548	1,997,813	1,768,156	1,887,122	1,719,057	1,647,141	1,840,261	1,819,283	1,703,730
Other Instruction	418,100	295,822	410,291	544,544	423,315	500,790	492,225	530,559	550,420	583,552
School Sponsored Activities And Athletics	82,843	72,894	104,678	87,743	96,741	117,530	124,546	115,394	114,463	124,877
Support Services:										
Student & Inst. Related Services	1,142,993	1,214,671	1,201,380	1,236,368	1,203,755	1,161,565	1,213,271	1,243,275	1,233,167	1,307,918
General Administration	324,962	329,924	337,213	372,785	348,956	366,512	404,275	371,049	421,218	400,450
School Administration Services	309,469	325,497	340,449	310,006	320,749	336,748	338,332	356,199	373,784	383,409
Business / Central Services	320,426	350,761	360,293	386,034	404,093	420,636	436,648	471,482	504,917	477,327
Plant Operations And Maintenance	941,013	895,719	793,102	954,403	906,236	1,055,556	899,026	900,018	905,151	1,031,565
Pupil Transportation	768,310	565,241	538,903	508,196	504,881	530,109	490,362	606,189	596,739	515,164
Capital Outlay	152,333	757,835	579,473	234,268	189,116	530,258	1,223,004	650,391	939,555	796,332
Debt Service:										
Principal	121,375	44,452	174,075	168,600	149,299	172,022	163,612	173,110	252,637	849,082
Interest And Other Charges	11,367	10,098	51,437	42,946	31,697	28,048	24,594	23,785	24,127	83,033
Total Expenditures	11,136,356	11,801,345	11,979,649	11,530,888	11,817,748	12,170,774	12,779,319	12,740,520	13,252,967	13,815,423
Excess (Deficiency) Of Revenues Over (Under) Expenditures	5,227	(102,334)	(326,048)	199,589	213,467	105,936	(460,345)	(221,650)	(583,814)	(928,396)
Other Financing Sources (Uses)										
Proceeds From Borrowing		1,313,495							1,460,000	
Premium from Notes								8,882		
Capital Leases (Non-Budgeted)	77,763	11,755	119,597		35,000		193,384		318,177	
Transfers In		78,923		280,524	165,589		40,474	208,882		157,725
Transfers Out	(18,167)	(92,923)	(19,000)	(293,024)	(175,589)	-	(40,474)	(208,882)	(3,300)	(161,025)
Total Other Financing Sources (Uses)	59,596	1,311,250	100,597	(12,500)	25,000	-	193,384	8,882	1,774,877	(3,300)
Net Change In Fund Balances	\$ 64,823	\$ 1,208,916	\$ (225,451)	\$ 187,089	\$ 238,467	\$ 105,936	\$ (266,961)	\$ (212,768)	\$ 1,191,063	\$ (931,696)
Debt Service As A Percentage Of Noncapital Expenditures	1.21%	0.49%	1.98%	1.87%	1.56%	1.72%	1.63%	1.63%	2.25%	7.16%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	<u>Interest Earned</u>	<u>Misc.</u>	<u>Total</u>
2011	\$ 7,054	\$ 1,974	\$ 9,028
2012	6,832	4,418	11,250
2013	3,544	32,005	35,549
2014	4,054	53,877	57,931
2015	5,842	43,893	49,735
2016	6,127	35,734	41,861
2017	15,600	27,892	43,492
2018	39,057	28,801	67,858
2019	59,282	40,204	99,486
2020	36,533	29,884	66,417

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2011	\$ 34,353,400	\$ 734,220,600	\$ 98,825,200	\$ 3,292,400	\$ 69,990,600	\$ 6,548,400	\$ 1,075,900	\$ 948,306,500	\$ 2,337,823	\$ 950,644,323	\$ 886,165,997	\$ 0.74
2012	32,016,200	734,356,000	98,293,600	3,105,000	63,247,500	6,414,300	1,075,900	938,508,500	2,230,757	940,739,257	862,469,699	0.74
2013 (A)	18,976,800	559,837,200	72,998,200	3,249,500	60,275,700	5,529,600	880,200	721,747,200	2,033,198	723,780,398	792,810,574	0.98
2014	17,333,200	565,528,300	69,949,600	3,999,800	59,828,300	5,529,600	880,200	723,049,000	1,811,215	724,860,215	845,128,593	1.000
2015	17,180,700	570,042,100	71,069,100	3,065,400	59,064,500	5,529,600	841,700	726,793,100	1,183,338	727,976,438	825,685,795	1.008
2016	16,952,900	577,131,100	66,649,100	3,008,700	59,222,500	5,529,600	841,700	729,335,600	2,049,219	731,384,819	824,978,449	1.024
2017	16,848,200	578,350,100	67,073,900	3,003,600	59,117,800	5,529,600	859,800	730,783,000	-	730,783,000	807,870,623	1.013
2018	16,805,100	580,099,600	66,492,300	3,098,200	58,405,700	5,529,600	859,800	731,290,300	-	731,290,300	796,082,118	0.984
2019	16,548,600	581,811,500	66,688,700	3,085,300	59,727,200	5,529,600	859,800	734,250,700	-	734,250,700	817,998,506	1.001
2020	15,225,500	582,157,000	68,205,700	3,131,900	59,415,000	5,529,600	859,800	734,524,500	-	734,524,500	810,178,789	1.022

Source: County Abstract of Ratables

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

^a Tax rates are per \$100

N/A - Not Available

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
		Regional School District	Municipality	County	
2011	\$ 0.74	\$ 0.50	\$ 0.21	\$ 0.41	\$ 1.86
2012	0.74	0.53	0.22	0.42	1.92
2013 (A)	0.98	0.71	0.35	0.49	2.54
2014	1.00	0.70	0.37	0.55	2.62
2015 (B)	1.008	0.649	0.35	0.556	2.563
2016 (B)	1.024	0.598	0.366	0.588	2.576
2017 (B)	1.013	0.559	0.340	0.632	2.544
2018 (B)	0.984	0.566	0.369	0.634	2.553
2019 (B)	1.001	0.545	0.384	0.647	2.577
2020 (B)	1.022	0.601	0.383	0.646	2.652

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

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

Source: County Abstract of Ratables

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

Taxpayer	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
129 Morris Turnpike Realty, LLC	\$ 6,500,000	0.88%		
Sussex County Farm & Horse Show	2,793,000	0.38%	\$ 3,969,400	0.42%
Visions Federal Credit Union	2,419,600	0.33%		
Branchville Manor	2,362,900	0.32%	3,932,800	0.41%
Corn Patch Realty, LLC	2,100,000	0.29%		
Individual	1,987,500	0.27%	2,779,500	0.29%
Skylands Stadium, LLC	1,600,000	0.22%		
Individual	1,579,300	0.22%		
One to One LLC	1,352,400	0.18%		
Kymers Campground, Inc	1,346,900	0.18%		
Skylands Park Management, Inc			6,735,200	0.71%
Toll NJ IV, LP			3,612,100	0.38%
Individual			2,955,600	0.31%
United Telephone			2,831,197	0.30%
Tri-Co Federal Credit Union			2,721,200	0.29%
Hutan Corp			2,394,800	0.25%
Clemrose Properties, Inc			2,115,200	0.22%
	<u>\$ 24,041,600</u>	<u>3.27%</u>	<u>\$ 34,046,997</u>	<u>3.58%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 8,083,134	\$ 8,012,143	99.12%	\$ 70,991
2012	8,113,172	8,113,172	100.00%	
2013	8,255,978	8,255,978	100.00%	
2014	8,408,755	8,408,755	100.00%	
2015	8,587,056	8,587,056	100.00%	
2016	8,555,126	8,555,126	100.00%	
2017	8,510,666	8,510,624	99.99%	42
2018	8,491,962	8,378,212	98.66%	113,750
2019	8,452,250	8,452,250	100.00%	
2020	8,725,736	8,725,736	100.00%	

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

<u>Governmental Activities</u>						
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANS)</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
2011		\$ 81,724		\$ 81,724	5,524	\$ 15
2012	\$ 550,000	812,522		1,362,522	5,492	248
2013	480,000	828,044		1,308,044	5,463	239
2014	405,000	734,444		1,139,444	5,442	209
2015	325,000	700,145		1,025,145	5,390	190
2016	245,000	608,123		853,123	5,358	159
2017	165,000	717,895	\$ 1,463,216	2,346,111	5,342	439
2018	85,000	624,785	1,463,216	2,173,001	5,318	409
2019	1,460,000	775,325		2,235,325	5,301	422
2020	1,370,000	16,243		1,386,243	5,301	* 261

* Estimate

Source: District records

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

Fiscal Year Ended June 30,	General Obligation Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Debt	Deductions			
2011			-	0.00%	-
2012	\$ 550,000		\$ 550,000	0.06%	100
2013	480,000		480,000	0.07%	88
2014	405,000		405,000	0.06%	74
2015	325,000	\$ 25,915	299,085	0.04%	55
2016	245,000		245,000	0.03%	46
2017	165,000	1	164,999	0.02%	31
2018	85,000	21,511	63,489	0.01%	12
2019	1,460,000	21,553	1,438,447	0.20%	271
2020	1,370,000	42	1,369,958	0.19%	258

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Frankford Township Board of Education	\$ 1,256,816	\$ 1,256,816	
Township of Frankford	<u>1,369,716</u>	<u>-</u>	<u>\$ 1,369,716</u>
	<u>\$ 2,626,532</u>	<u>\$ 1,256,816</u>	<u>1,369,716</u>
Overlapping Debt Apportioned to the Municipality:			
Sussex County:			
County of Sussex (A)			<u>4,678,749</u>
			<u>4,678,749</u>
Total Direct and Overlapping Debt			<u>\$ 6,048,465</u>

Source:

(1) Township of Frankford's 2019 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township of Frankford by dividing the municipality's 2019 equalized value by the total 2019 equalized value for Sussex County.

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

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized valuation basis
	2019 \$ 807,223,725
	2018 812,093,615
	2017 792,864,273
	<u>\$ 2,412,181,613</u>
Average equalized valuation of taxable property	<u>\$ 804,060,538</u>
Debt limit (3 % of average equalization value)	24,121,816
Total Net Debt Applicable to Limit	<u>1,370,000</u>
Legal debt margin	<u>\$ 22,751,816</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 27,744,038	\$ 26,728,973	\$ 25,958,172	\$ 25,536,625	\$ 25,040,933	\$ 24,730,427	\$ 24,374,864	\$ 24,138,075	\$ 24,085,449	\$ 24,121,816
Total net debt applicable to limit	777,723	698,800	628,800	405,000	325,000	245,000	1,628,216	1,548,216	1,463,216	1,370,000
Legal debt margin	\$ 26,966,315	\$ 26,030,173	\$ 25,329,372	\$ 25,131,625	\$ 24,715,933	\$ 24,485,427	\$ 22,746,648	\$ 22,589,859	\$ 22,622,233	\$ 22,751,816
Total net debt applicable to the limit as a percentage of debt limit	2.80%	2.61%	2.42%	1.59%	1.30%	0.99%	6.68%	6.41%	6.08%	5.68%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2011	5,524	\$ 49,093	8.1%
2012	5,492	50,844	8.0%
2013	5,463	51,456	6.5%
2014	5,442	53,818	7.0%
2015	5,390	55,677	5.9%
2016	5,358	56,914	5.0%
2017	5,342	58,717	4.8%
2018	5,318	61,757	4.6%
2019	5,301	61,757 *	4.0%
2020	5,301 *	61,757 *	3.6%

Source: New Jersey State Department of Education

* Estimate

N/A - not available

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

<u>Employer</u>	<u>2020</u>		<u>2011</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2020</u>
Instruction										
Regular	46.1	46.1	44.1	46.5	46.4	47.3	45.0	46.1	45.1	45.1
Special education	27.2	27.2	26.8	26.9	26.9	21.8	22.0	20.8	20.3	20.2
Other instruction	1.3	1.3	1.0	1.0	1.0	4.0	4.3	5.0	5.0	5.0
Support Services:										
Student & instruction related services	8.4	8.4	8.4	8.4	8.6	9.4	9.7	8.8	8.8	8.8
General administration services	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9
School administrative services	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Business / Central services	3.5	3.5	3.5	4.0	4.0	4.0	4.0	4.0	4.0	3.6
Plant operations and maintenance	6.0	6.0	6.0	6.0	6.0	6.4	6.4	7.7	7.6	6.9
Pupil transportation	2.8	2.9	2.3	2.7	2.7	2.8	2.3	2.2	2.7	2.7
Total	<u>100.5</u>	<u>100.6</u>	<u>97.3</u>	<u>100.6</u>	<u>100.7</u>	<u>100.8</u>	<u>98.8</u>	<u>99.7</u>	<u>98.6</u>	<u>97.4</u>

Source: District Personnel Records

Note:

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

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

Fiscal Year	Enrollment a	Operating Expenditures b	Cost Per Pupil c	Percentage Change	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2011	599.0	\$ 10,851,281	\$ 18,116	5.46%	73	1:08	1:08	593.6	565.4	-5.87%	95.25%
2012	582.0	10,988,960	18,881	4.23%	70	1:08	1:08	580.7	556.0	-2.17%	95.75%
2013	557.0	11,174,464	20,062	6.25%	69	1:08	1:08	547.4	524.7	-5.73%	95.85%
2014	556.0	11,085,074	19,937	-0.62%	70	1:08	1:08	553.1	531.7	1.03%	96.13%
2015	543.0	11,447,636	21,082	5.74%	69	1:08	1:08	540.2	517.9	-2.33%	95.87%
2016	526.0	11,440,446	21,750	3.17%	70	1:08	1:08	524.5	502.1	-2.91%	95.73%
2017	516.0	11,368,109	22,031	1.29%	71	1:08	1:08	529.5	506.1	0.95%	95.58%
2018	517.0	11,893,234	23,004	4.42%	71	1:08	1:08	514.6	493.0	-2.81%	95.80%
2019	498.0	12,036,648	24,170	5.07%	71	1:08	1:08	503.7	482.6	-2.12%	95.81%
2020	504.0	12,708,302	25,215	4.32%	71	1:08	1:08	504.2	489.4	0.10%	97.06%

Sources: District records

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>										
<u>Early Learning Center</u>										
Branchville School (1920)										
Square Feet	7,881	N/A								
Capacity (students)	61	N/A								
Enrollment	68	N/A								
<u>Elementary/Middle School</u>										
Frankford Twp. School (1950)										
Square Feet	90,459	90,459	90,459	90,459	90,459	90,459	90,459	90,459	90,459	90,459
Capacity (students)	636	636	636	636	636	636	636	636	636	636
Enrollment	531	582	557	556	543	526	516	517	498	504
<u>Early Learning Center</u>										
Modular Trailer (2014)										
Square Feet		1,357	1,357	1,357	1,357	1,357	1,357	1,357	1,357	1,357
Capacity (students)		44	44	44	44	44	44	44	44	44
Enrollment		N/A								
<u>Other</u>										
Administration Building										
Square Feet	800	800	800	800	800	800	800	800	800	800
CST Traylor										
Square Feet	1,000	1,000	1,000	1,000	756	756	756	756	756	756
Number of Buildings at June 30, 2020										
Early Learning Center =	1									
Elementary/Middle =	1									
Other =	2									

Source: District Records

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

School Facilities	Project # (s)	<u>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>	<u>2020</u>
Frankford Township School	1560-050-03-0317	\$ 32,330	\$ 54,303	\$ 41,208	\$ 40,696	\$ 36,069	\$ 39,462	\$ 123,603	\$ 130,876	\$ 89,771	\$ 236,598
Branchville Annex	NA	<u>9,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School Facilities		<u>\$ 41,483</u>	<u>\$ 54,303</u>	<u>\$ 41,208</u>	<u>\$ 40,696</u>	<u>\$ 36,069</u>	<u>\$ 39,462</u>	<u>\$ 123,603</u>	<u>\$ 130,876</u>	<u>\$ 89,771</u>	<u>\$ 236,598</u>

Source: District Records

FRANKFORD TOWNSHIP BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2020
(Unaudited)

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

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

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
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RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Frankford Township Board of Education as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Frankford Township Board of Education’s basic financial statements and have issued our report thereon dated February 9, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

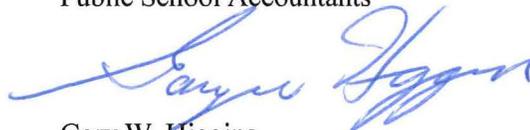
As part of obtaining reasonable assurance about whether the Frankford Township Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Purpose of this Report

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



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
February 9, 2021



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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CHRISTOPHER M. VINCI, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Frankford Township Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Frankford Township Board of Education's major state programs for the fiscal year ended June 30, 2020. The Frankford Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Frankford Township Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

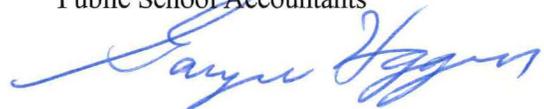
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Frankford Township Board of Education, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated February 9, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
February 9, 2021

FRANKFORD TOWNSHIP BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2019			Carryover		Cash Received	Budgetary Expenditures	Adjustments		Balance at June 30, 2020			Memo GAAP Receivable	
						(Account Receivable)	Unearned Revenue	Due to Grantor	(Account Receivable)	Unearned Revenue			(Account Receivable)	Unearned Revenue	Due to Grantor				
U.S. Department of Agriculture																			
Passed-through State Department of Education																			
Enterprise Fund																			
National School Lunch Program																			
Non Cash Assistance (Food Distr.)	10.555	201NJ304N1099	N/A	7/1/19-6/30/20	\$ 10,018						\$ 10,018	\$ 10,018							
Non Cash Assistance (Food Distr.)	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	12,302		\$ 3,600					3,600							
Cash Assistance	10.555	201NJ304N1099	N/A	7/1/19-6/30/20	19,482						19,221	19,482			\$ (261)				\$ (261)
Cash Assistance	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	34,023	\$ (1,836)					1,836								
Total Child Nutrition Cluster											31,075	33,100							
Total U.S. Department of Agriculture - Enterprise Fund						(1,836)	3,600				31,075	33,100			(261)				(261)
U.S. Department of Education																			
Passed-through State Department of Education																			
Special Revenue																			
IDEA Part B Basic	84.027	H027A200100	FT-1560-03C	7/1/19-6/30/20	141,327						85,332	141,327			(55,995)				(55,995)
IDEA Part B Basic, Carryover	84.027	H027A190100	FT-1560-03C	7/1/18-6/30/19	142,501	(59,581)					59,581								
IDEA Part B Preschool	84.173	H173A200114	PS-1560-03C	7/1/19-6/30/20	6,925						3,089	6,925			(3,836)				(3,836)
IDEA Part B Preschool, Carryover	84.173	H173A190114	PS-1560-03C	7/1/18-6/30/19	6,896	(2,895)					2,895								
Total Special Education Cluster (IDEA)												148,252							
Rural & Low-Income Education	84.358A	S358A203589	N/A	7/1/19-9/30/20	38,139						38,090	37,473	\$ 49	\$ (49)		\$ 617			
Rural & Low-Income Education	84.358A	S358A193589	N/A	7/1/18-9/30/19	35,233	(17,084)	2,604				17,084	2,604							
Total Rural & Low Income Education Cluster												40,077							
Title I	84.010	S010A200030	ESEA-1560-03	7/1/19-6/30/20	34,361				\$ (1,058)	\$ 1,058	4,046	31,286			(31,373)	4,133			(27,240)
Title I, Carryover	84.010	S010A190030	ESEA-1560-03	7/1/18-6/30/19	39,183	(32,758)	11,806		1,058	(1,058)	28,113	7,161	3,587	(3,587)					
Title II A	84.367A	S367A200029	ESEA-1560-03	7/1/17-6/30/18	9,365						16,781	16,781	(10,000)	10,000	(2,584)	2,584			
Title II A, Carryover	84.367A	S367A190029	ESEA-1560-03	7/1/18-6/30/19	14,353	(9,068)	5,773				9,068	5,773							
Title IV	84.424	S424A200031	ESEA-1560-03	7/1/19-6/30/20	10,000									10,000	(10,000)				
Title IV, Carryover	84.424	S424A190031	ESEA-1560-03	7/1/18-6/30/19	5,000	(5,000)					5,000								
C.A.R.E.S.	84.425D	S425D200027	N/A	3/13/20-9/30/22	29,032										(29,032)	29,032			
Total U.S. Department of Education - Special Revenue Fund						(126,386)	20,183				269,079	249,330	3,636	(3,636)	(122,820)	36,366			(87,071)
Total Federal Financial Awards						\$ (128,222)	\$ 23,783	\$ -	\$ -	\$ -	\$ 300,154	\$ 282,430	\$ 3,636	\$ (3,636)	\$ (123,081)	\$ 36,366	\$ -		\$ (87,332)

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

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at July 1, 2019			Balance at June 30, 2020			Memo	
				(Accounts Receivable)	Unearned Revenue	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable
State Department of Education											
General Fund											
Special Educational Categorical Aid	20-495-034-5120-089	\$ 412,297	7/1/19-6/30/20			\$ 371,073	\$ 412,297	\$ (41,224)			\$ 412,297
Special Educational Categorical Aid	19-495-034-5120-089	412,297	7/1/18-6/30/19	\$ (41,224)		41,224					
Adjustment Aid	20-495-034-5120-085	1,016,545	7/1/19-6/30/20			914,906	1,016,545	(101,639)			1,016,545
Adjustment Aid	19-495-034-5120-085	1,170,485	7/1/18-6/30/19	(117,033)		117,033					
Security Aid	20-495-034-5120-084	48,682	7/1/19-6/30/20			43,814	48,682	(4,868)			48,682
Security Aid	19-495-034-5120-084	48,682	7/1/18-6/30/19	(4,868)		4,868					
Equalization Aid	20-495-034-5120-078	3,996	7/1/19-6/30/20			3,597	3,996	(399)			3,996
Equalization Aid	19-495-034-5120-078	3,996	7/1/18-6/30/19	(399)		399	-				
Total State Aid - Public Cluster							1,481,520				1,481,520
Transportation Aid	20-495-034-5120-014	253,966	7/1/19-6/30/20			228,573	253,966	(25,393)			253,966
Transportation Aid	19-495-034-5120-014	253,966	7/1/18-6/30/19	(25,393)		25,393					
Additional NonPublic Transportation Aid	20-495-034-5120-014	3,350	7/1/19-6/30/20				3,350	(3,350)			\$ (3,350) 3,350
Additional NonPublic Transportation Aid	19-495-034-5120-014	2,900	7/1/18-6/30/19	(2,900)		2,900	-				-
Total Transportation Aid Cluster							257,316				257,316
Extraordinary Aid	20-495-034-5120-044	232,707	7/1/19-6/30/20				232,707	(232,707)			232,707
Extraordinary Aid	19-495-034-5120-044	196,469	7/1/18-6/30/19	(196,469)		196,469					
TPAF Pension - Normal Cost	20-495-034-5094-002	1,052,989	7/1/19-6/30/20			1,052,989	1,052,989				1,052,989
TPAF Pension - NCGI	20-495-034-5094-004	18,874	7/1/19-6/30/20				18,874				18,874
TPAF Pension PRM Contr.	20-495-034-5094-001	397,641	7/1/19-6/30/20			397,641	397,641				397,641
TPAF Pension - Long-Term Disability Insurance Contr.	20-495-034-5094-004	1,120	7/1/19-6/30/20				1,120				1,120
TPAF Social Security Contrib.	20-495-034-5094-003	379,450	7/1/19-6/30/20			360,453	379,450	(18,997)	-	-	(18,997) 379,450
TPAF Social Security Contrib.	19-495-034-5094-003	372,864	7/1/18-6/30/19	(18,594)	-	18,594	-	-	-	-	-
Total General Fund				(406,880)	-	3,799,920	3,821,617	(428,577)	-	-	(22,347) 3,821,617
Enterprise Fund											
Nat'l Sch. Lunch Prog (State Share)	20-100-010-3350-023	1,558	7/1/19-6/30/20			1,148	1,558	(410)			(410) 1,558
Nat'l Sch. Lunch Prog (State Share)	19-100-010-3350-023	1,889	7/1/18-6/30/19	(109)	-	109	-	-	-	-	-
Total Enterprise Fund				(109)	-	1,257	1,558	(410)	-	-	(410) 1,558
Total State Financial Assistance Subject to Single Audit Determination				(406,989)	-	3,801,177	3,823,175	(428,987)	-	-	(22,757) 3,823,175
State Financial Assistance Not Subject to Single Audit Determination											
General Fund											
TPAF Pension - Normal Cost	20-495-034-5094-002	1,052,989	7/1/19-6/30/20			(1,052,989)	(1,052,989)				(1,052,989)
TPAF Pension - NCGI	20-495-034-5094-004	18,874	7/1/19-6/30/20			(18,874)	(18,874)				(18,874)
TPAF Pension PRM Contr.	20-495-034-5094-001	397,641	7/1/19-6/30/20			(397,641)	(397,641)				(397,641)
TPAF Pension - Long-Term Disability Insurance Contr.	20-495-034-5094-004	1,120	7/1/19-6/30/20			(1,120)	(1,120)				(1,120)
Total State Financial Assistance Subject to Major Program Determination				\$ (406,989)	\$ -	\$ 2,330,553	\$ 2,352,551	\$ (428,987)	\$ -	\$ -	\$ (22,757) \$ 2,352,551

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

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$20,844 for the general fund and an increase of \$9,750 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,800,773	\$ 3,800,773
Special Revenue Fund	\$ 259,080		259,080
Food Service Fund	<u>33,100</u>	<u>1,558</u>	<u>34,658</u>
Total Financial Assistance	<u>\$ 292,180</u>	<u>\$ 3,802,331</u>	<u>\$ 4,094,511</u>

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 \$379,450 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$1,071,863, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$397,641 and TPAF Long-Term Disability Insurance in the amount of \$1,120 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? yes X no

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

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

Federal Awards Section - NOT APPLICABLE

State Awards Section

Internal Control over major programs:

(1) Material weaknesses identified? yes X no

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

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

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

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>20-495-034-5120-089</u>	<u>Special Educational Categorical Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>
<u>20-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>20-495-034-5120-085</u>	<u>Adjustment Aid</u>

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

Auditee qualified as low-risk auditee? X yes no

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**FRANKFORD TOWNSHIP BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.