

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

Franklinville, New Jersey
County of Gloucester

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

FRANKLINVILLE, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prepared by

**Township of Franklin School District
Finance Department**

OUTLINE OF CAFR - GASB #34

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INTRODUCTORY SECTION

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TOWNSHIP OF FRANKLIN PUBLIC SCHOOLS

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January 27, 2021
Honorable President and Members
of the Board of Education
Township of Franklin Board of Education
Franklinville, New Jersey 08322

Dear Board Members/Citizens,

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Township of Franklin School District (District) for the fiscal year ended June 30, 2020. This CAFR includes the District's Basic Financial Statement 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 District. To the best of our knowledge and belief, 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 District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections as follows:

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis; and
- ◆ The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

The Township of Franklin School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Township of Franklin Board of Education and all its schools constitute the District's reporting entity.



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The District continues to maintain a high quality of education. The District provides a full-range of programs and services appropriate to grades pre-K disabled through 6. These include regular education, programs for the very able students (gifted and talented), as well a special education for handicapped children in- and out-of-district. Three elementary schools comprise the district's facilities.

Supervising district-wide goals is a superintendent, a school business administrator/board secretary, a curriculum supervisor, and a supervisor of special services. Technology services are contracted through the Delsea Board of Education as a shared service. Each of the three elementary schools has a principal.

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the third Monday of each month for its regular board meeting (with some exceptions) and on the 2nd Wednesday for committee-as-a-whole work-session meetings (with some exceptions). During its committee-as-a-whole work-session and board meetings, the board determines district goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 7:00 p.m.

PTAs are highly active in the District and provide community support for a variety of programs and activities for the children. To maintain effective communications, each school produces newsletters and the district maintains a website. Each of the schools follows district-wide goals and educational approaches in the teaching of children, while maintaining a unique personality that makes up that particular school. All curricula in our District have been aligned to the New Jersey Student Learning Standards.

In July 2019, the New Jersey Department of Education released its Taxpayer's Guide to Education Spending for all school districts in the state. The guide compares districts with those who are similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This report shows that the district spends \$18,487 per pupil while the average costs for similar districts are \$20,088. According to the report, per pupil costs range from a low of \$15,960 to a high of \$33,026 across the state. Of the 56 other K-6 school districts in the state, the Township of Franklin School District ranked eleventh lowest in total budgeted cost per pupil.

Elementary Schools

Currently there are four elementary schools (Mary F. Janvier, Lake School, Main Road, and Caroline L. Reutter) that offer students in grades Pre-Kindergarten through 6 a comprehensive educational program.

Mary F. Janvier School – a Pre-Kindergarten to Grade 2 school of 535 students. There is one principal and a staff of 62 teachers and classroom teacher aides/one to one assistants. The school is located on 1532 Pennsylvania Avenue.

Lake School – up through June 2010, this location housed the preschool disabled and inclusion program. From 2010-11 through 2013-14 school year, this program was housed at Main Road School. Effective 2014-15, this program is housed at the Mary F. Janvier School. There are no students at this school.

Main Road School - grades 3-4 school of 381 students. There is one principal and a staff of 54 teachers and classroom teacher aides/one to one assistants. The school is located on 1452 Main Road.



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Caroline L. Reutter School - a grades 5-6 school of 376 students. There is one principal and a staff of 58 teachers and classroom teacher aides/one to one assistants. The school is located on 2150 Delsea Drive.

Special Education

The Special Education program is an integral part of each school. In the 2019-20 school year, there were approximately 185 on-roll students classified as eligible to receive special education and related services, and 12 students who were placed in out of district settings. The district offers a number of special education programs including in-class resource or co-teaching, pull-out resource as well as self-contained classrooms. The district also offers related services including counseling, speech therapy, occupational therapy and physical therapy.

New Jersey Student Learning Standards

Our district curriculum has been aligned with the revised New Jersey Student Learning Standards, according to state-defined timelines.

Staff Development

The Township of Franklin School District provides its teaching staff with many opportunities for professional development. In the beginning of the school year, all newly hired teachers are afforded the opportunity to participate in the Beginning Teacher Induction Program sponsored by Rowan University. The program encompasses training in instructional strategies, classroom management, curriculum, mentoring, and parent conferencing. Mentors are assigned to new staff members to provide support throughout the school year.

Professional in-service days are built into the school calendar to enable teachers to attend sessions related to instructional strategies, curricular updates, text orientation, and district-wide grade level meetings. Teachers are also afforded the opportunity to participate in various in-district workshops related to their PDPs and/or areas of interest.

Technology

District-wide technology is used to increase productivity, to enhance communication, and to enrich curriculum and instruction. Every classroom, computer lab and office in all three schools and the administration building are linked together in local and wide-area networks. All administrators and teachers, and some of the support staff have access to computers, printers, email accounts and the Internet within their work areas. All students in grades 3 through 6 are assigned a district issued Chromebook.

Pupil Enrollment

The district completed the 2019-20 fiscal year with an average daily enrollment of 1,414 students. Enrollment has fluctuated over the past five years; however, the District had a decrease in enrollment this past year. The following details the changes in the student enrollment of the district over the last five years. The table presents the actual historical pupil enrollment as of October 15, for the school years 2015-16 through 2019-20:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-20	1414	1.95%
2018-19	1387	-1.07%
2017-18	1402	-2.03%
2016-17	1431	0.35%
2015-16	1426	1.57%



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ECONOMIC CONDITION AND OUTLOOK

Overall enrollments have remained steady from 2014-15 to 2019-20. The district continues to work within the 2% local revenue cap to minimize the tax impact, however has banked cap of \$131,023 available for us in the 2019-2020 budget. It continues to incorporate efficiencies throughout the budget to fund initiatives to enhance educational programs.

MAJOR INITIATIVES-STRATEGIC PLAN

The Township of Franklin Board of Education adopted a five-year strategic plan in June 2014. The Vision 2019 Strategic Plan remained the focal point of administrative and board discussions on planning for five years. The community was consistently updated on the progress toward our strategic plan goals via website posts and social media.

In March 2020, the Board of Education was in the midst of a strategic plan update. Due to the interruption of education caused by COVID-19, the board plans to revisit strategic planning this spring.

PROFESSIONAL DEVELOPMENT ACTIVITIES

District personnel participated in a variety of professional development activities in accordance with the Township of Franklin's Professional Development Plan that incorporates district and school goals. Activities were also relevant to individual professional development plans, student achievement needs, curriculum development and content standards:

- Tuition reimbursement was provided to teachers for graduate course work.
- Grade level meetings were conducted district wide to implement district initiatives and to improve programs.
- Vertical articulation meetings within our district and with our constituent districts were held to discuss curriculum and standards.
- Teachers provided turnkey training and developed their own workshops in areas of expertise.
- All employees received school security and Harassment, Intimidation and Bullying training as well as other state mandated trainings.
- New teachers were provided with an in-district New Teacher Orientation that focused on district technology systems and effective instructional techniques.
- Specific teacher development included, but was not limited to:
 - Co-Teaching
 - RTI – Response To Intervention
 - DIBELS and DRA2 reading assessments and instruction
 - Differentiated instruction
 - Integration of technology into instruction
 - Using data to make decisions
 - Small group instruction



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Achievements

All grade levels have implemented common formative assessments in the areas of mathematics and language arts to further assist in guiding instruction for individual students. Franklin Township School District has fully integrated a Standards Based Grading initiative.

Community Support

Resources and Links to Social Service Agencies:

Division of Youth and Family Services	Veterans of Foreign Wars - Loyalty Day
United Way of Gloucester County	Twp. of Franklin Police Dept. - DARE Program
N.J. State Police - Safety Patrol Program	Camden County Mental Health Assn.
U.S. Marine Corps - Toys for Tots	Gloucester County Sheriff - Fingerprinting Project
Together - Coats for Kids Program	N.J. Head Injury Assn. - Bicycle Safety
N.J. Dental Health Dept. - Fluoride Program	American Lung Association
Kessler Memorial Hospital Outreach Program	Epilepsy Foundation of America
American Heart Association	American Diabetes Association
American Red Cross	Lyme Disease Foundation
American Cancer Society	Library for the Blind and Handicapped
Gloucester County Dept. of Youth Services - Project Aware	Food Bank of South Jersey
	Commission for the Blind and Visually Impaired
	Child Assault Prevention
	Special Children's Health Services

Community Involvement

The district involved the community in the following ways during the 2019-20 school year:

Malaga, Star Cross, Franklinville, Janvier, Forest Grove Fire Departments - Prevention Program
Toys for Tots Collection Program - U.S. Marine Corps
Holiday Music Programs
Canned Goods Drive
Recycling Projects
Sentinel Newspaper - Publishing of School Events
Gloucester County Times Newspaper - Publishing of School Events
Safe Kids Program
Township of Franklin Police Department - Assembly, School Violence Awareness
Assembly Honoring Veterans - VFW Ladies Auxiliary
Franklin Township Community Day
Vision 2019 - Strategic Plan Process
Community Survey
Association of Art Educators of N.J. (AAENJ)
Youth Art Show Participation Township of Franklin Annual Tree Lighting Ceremony



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Parental Involvement

Library Parent Volunteer Program	Parent-Teacher Association
Fluoride Parent Volunteer Program	Child Assault Prevention Program
School Nurse Parent Volunteer Program	Family Fun Night
Parent Visitation Day	Budget Committee
Teacher-Parent Conferences	Participation As Members of the School
Back to School Night	Planning Teams
4 th Friday of the month	Curbing Hunger Program
Preschool Community Activity	Kindergarten Orientation Program
Project THINK	Reading Workshops
Musical Presentations	Bullies/Victims Program
Classroom Star of the Week Program	Grandparents' Day Program
Parent Education Workshops	Grade 3 Orientation
Vision 2019 - Strategic Plan Process	Student Fingerprinting
NJASK Family Night	School Safety Team
Grade 5 Orientation	Parents for Positive Change
Book Fairs	Field Trip Chaperones
Grade 4 Student-Parent Dance	Holiday Shop
Student Birthdays	Classroom Parties

INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control 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 awards, the District is also responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system 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 system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

BUDGETARY CONTROL

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, as needed, for the capital



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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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at fiscal year-end.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision 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.

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, fidelity bonds and worker's compensation. A schedule of insurance coverage is found in J-20.

OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holt McNally & Associates Inc. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.



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ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Township of Franklin School 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 bookkeeping and secretarial staff.

Respectfully submitted,



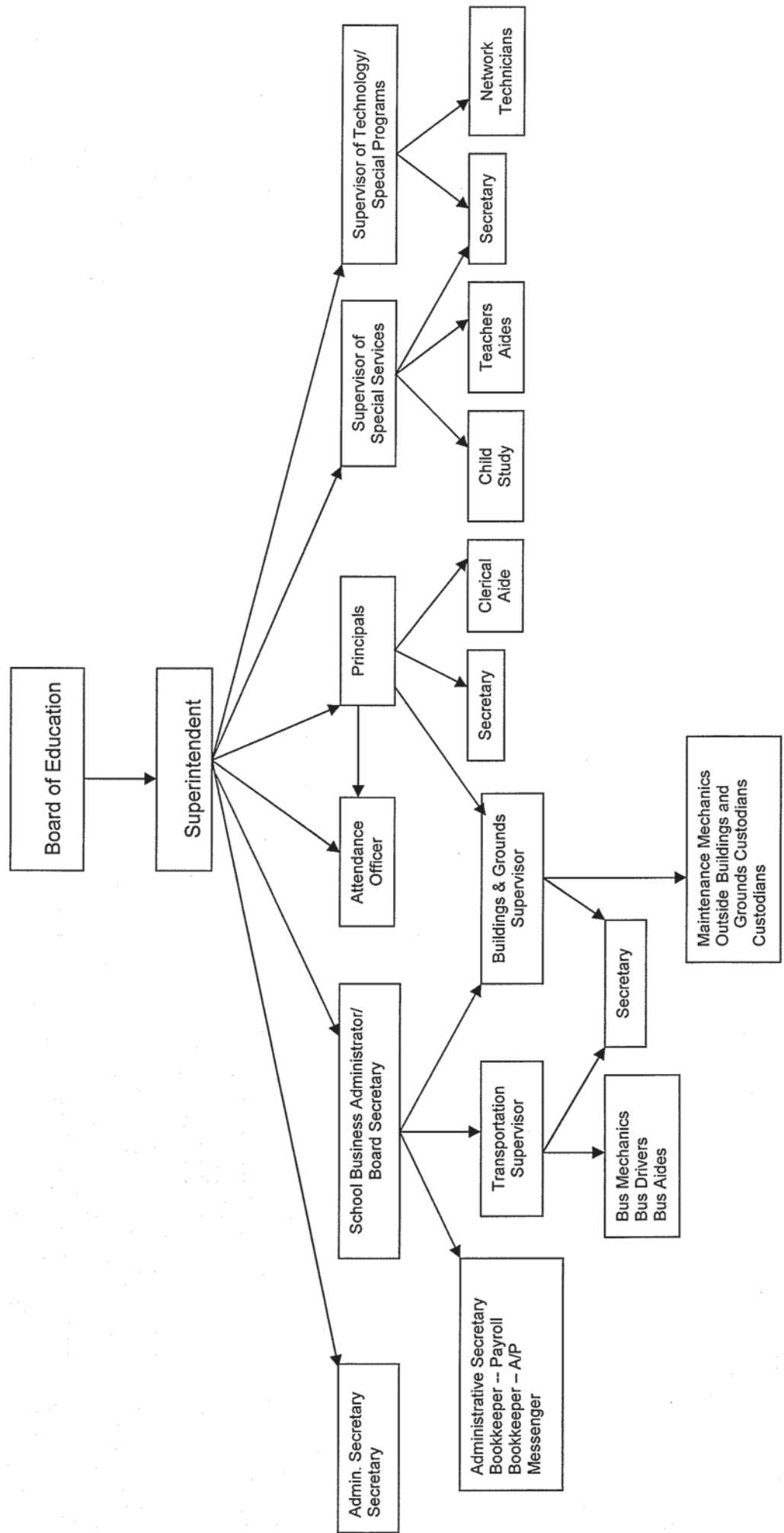
Troy Walton
Superintendent



Trish Birmingham
School Business Administrator/Board Secretary

TOWNSHIP OF FRANKLIN BOARD OF EDUCATION

Organizational Chart – Unit Control



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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
3228 Coles Mill Road
Franklinville, New Jersey 08322

ROSTER OF OFFICIALS

June 30, 2020

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Jason Brandt, President	2022
Dawn Gelsi-Collins, Vice President	2021
Leiha Caselli	2020
Alicia Fragoso	2022
Jennifer Metzger	2021
Stephanie Starr	2020
Michele Cunningham	2021
Nicholas DeSilvio	2022
Diane T. Trace	2020

OTHER OFFICIALS

Mr. Troy Walton, Superintendent

Ms. Trish Birmingham, School Business Administrator

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
FRANKLINVILLE, NEW JERSEY**

CONSULTANTS AND ADVISORS

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Holt McNally & Associates
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

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40 N. Woodbury-Glassboro Road
Pitman, New Jersey 08071

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Newfield National Bank
18-24 West Boulevard
Newfield, New Jersey 08344

ARCHITECT

Garrison Architects
713 Creek Road
Bellmawr, New Jersey 08031

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Franklin Township School District
County of Gloucester
Franklinville, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Franklin Township School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District'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 *Governmental 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 and requirements 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Township School District's basic financial statements. The introductory section, combining and individual fund statements long-term debt schedules and statistical section, are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and 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 fund statements and long-term debt schedules and the 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 and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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 School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
January 27, 2021

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

As management of the Township of Franklin School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Internal Service Fund. Business-type activities reflect the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains two types of proprietary funds – the Enterprise Fund and the Internal Service Fund. The fund financial statements of the enterprise and internal funds provide the same information as the government-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) and internal service fund are listed individually and are considered to be major funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2020 compared to fiscal year 2019.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole (continued)

Table 1
Summary of Net Position

	June 30, <u>2020</u>	June 30, <u>2019</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 6,397,583	\$ 5,112,972	\$ 1,284,611	25.1%
Capital Assets, Net	<u>15,355,009</u>	<u>14,947,198</u>	<u>407,811</u>	2.7%
Total Assets	<u>21,752,592</u>	<u>20,060,170</u>	<u>1,692,422</u>	8.4%
Deferred Outflow of Resources	<u>1,604,876</u>	<u>1,928,808</u>	<u>(323,932)</u>	-16.8%
Current and other Liabilities	2,010,710	530,945	1,479,765	278.7%
Noncurrent Liabilities	<u>9,986,611</u>	<u>8,178,295</u>	<u>1,808,316</u>	22.1%
Total Liabilities	<u>11,997,321</u>	<u>8,709,240</u>	<u>3,288,081</u>	37.8%
Deferred Inflow of Resources	<u>2,355,785</u>	<u>2,262,203</u>	<u>93,582</u>	100.0%
Net Position:				
Net Investment in Capital Assets	13,176,858	13,150,576	26,282	0.2%
Restricted	4,038,193	4,053,202	(15,009)	-0.4%
Unrestricted (Deficit)	<u>(8,210,689)</u>	<u>(6,186,243)</u>	<u>(2,024,446)</u>	32.7%
Total Net Position	<u>\$ 9,004,362</u>	<u>\$ 11,017,535</u>	<u>\$ (2,013,173)</u>	-18.3%

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole (continued)

Table 2 shows the changes in net position for fiscal year 2020 compared to fiscal year 2019.

Table 2
Summary of Changes in Net Position

	June 30, <u>2020</u>	June 30, <u>2019</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 164,081	\$ 257,122	\$ (93,041)	-36.2%
Operating Grants & Contributions	5,476,089	6,751,908	(1,275,819)	-18.9%
General Revenues:				
Property Taxes	11,287,790	11,158,605	129,185	1.2%
Federal & State Aid	9,494,643	9,377,023	117,620	1.3%
Other General Revenues	568,169	1,730,352	(1,162,183)	-67.2%
Total Revenues	<u>26,990,772</u>	<u>29,275,010</u>	<u>(2,284,238)</u>	<u>-7.8%</u>
Function/Program Expenditures:				
Regular Instruction	5,469,140	4,850,547	618,593	12.8%
Special Education Instruction	2,517,689	2,474,773	42,916	1.7%
Other Instruction	842,546	766,742	75,804	9.9%
Tuition	625,987	669,247	(43,260)	-6.5%
Student & Instruction Related Services	2,236,514	2,105,683	130,831	6.2%
General Administrative Services	515,679	538,110	(22,431)	-4.2%
School Administrative Services	499,515	496,192	3,323	0.7%
Central Services	368,753	328,611	40,142	12.2%
Administration Information Technology	110,700	110,550	150	0.1%
Plant Operations & Maintenance	1,946,350	1,856,450	89,900	4.8%
Pupil Transportation	1,768,649	2,138,244	(369,595)	-17.3%
Unallocated Benefits	10,438,470	10,070,593	367,877	3.7%
Interest & Other Charges	58,196	54,731	3,465	6.3%
Transfer to Charter Schools	146,373	-	146,373	100.0%
Unallocated Depreciation	953,558	852,715	100,843	-100.0%
Food Service	505,826	613,013	(107,187)	-17.5%
Total Expenditures	<u>29,003,945</u>	<u>27,926,201</u>	<u>1,077,744</u>	<u>3.9%</u>
Change In Net Position	(2,013,173)	1,348,809	(3,361,982)	-249.3%
Net Position - Beginning	11,017,535	9,668,726	1,348,809	14.0%
Net Position - Ending	<u>\$ 9,004,362</u>	<u>\$ 11,017,535</u>	<u>\$ (2,013,173)</u>	<u>-18.3%</u>

Governmental Activities

During the fiscal year 2020, the net position of governmental activities decreased by \$1,972,625 or 18.1%. The primary reason for the increase was related to capitalization of capital outlay expenditures and debt issued.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$8,927,500, with an unrestricted deficit balance of (\$8,224,064). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(8,224,064)
Add back: PERS Pension Liability		6,050,894
Less: Deferred Outflows related to pensions		(1,604,876)
Add back: Deferred Inflows related to pensions		<u>2,355,785</u>
Unrestricted Net Position (Without GASB 68)	<u>\$</u>	<u>(1,422,261)</u>

Business-type Activities

During the fiscal year 2020, the net position of business-type activities decreased by \$40,547 or 34.5%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$76,862.

General Fund Budgeting Highlights

Final budgeted revenues were \$22,316,253, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$473,077.

Final budgeted appropriations were \$24,661,267, which was an increase of \$1,201,400 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted expenditures, the School District's budget appropriations exceeded actual expenditures by \$1,809,061.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$5,579,587 at June 30, 2020, a decrease of \$174,785 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$4,761,518, a decrease of \$195,944 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund decreased by \$180,708 or 3.7% to \$4,839,426 at June 30, 2020, compared to an increase of \$2,154,787 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is that the District is making more of an effort to control spending.

Special revenue fund – There was no change in the fund balance for the special revenue fund.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Capital projects fund - During the current fiscal year, the fund balance of the School District’s capital projects fund decreased by \$15,236 or 12.9% to \$102,800 at June 30, 2020, compared to an increase of \$2,162,310 in fund balance in the prior fiscal year.

Debt service fund – There was no change in fund balance for the debt service fund.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District’s food service fund increased by \$40,547 or 34.5% to \$76,862 at June 30, 2020, compared to an increase of \$13,452 in fund balance in the prior fiscal year.

Internal Service Fund – There was no change in fund balance for the internal service fund.

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$15,355,009 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The School Districts “Net Investment in Capital Assets” component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net increase in the School District’s investment in capital assets for the current fiscal year in the amount of \$190,820. This increase is primarily due to current year additions to capital assets and pay down of debt being more than current year depreciation. Table 4 shows fiscal 2020 balances compared to 2019.

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 200,446	\$ 200,446	\$ -	0.0%
Construction in Progress	700,381	-	700,381	100.0%
Site Improvements	33,104	48,643	(15,539)	-31.9%
Building and Improvements	12,742,748	13,336,734	(593,986)	-4.5%
Equipment	1,678,330	1,361,375	316,955	23.3%
	<u>\$ 15,355,009</u>	<u>\$ 14,947,198</u>	<u>\$ 407,811</u>	2.7%

Depreciation expense for the year was \$958,519. Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$1,372,000, which is a decrease of \$150,000 from the prior year.

Additional information on the School District’s long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Factors on the School District's Future

The Township of Franklin School District is presently in good financial condition. However, future finances are not without challenges as state and federal funding may be unstable. The District is also dealing with implementing a 2% cap on tax revenues to support appropriations.

The Township of Franklin is primarily a residential/rural community, with very few significant ratables; thus the burden is focused on homeowners to foot the tax bill.

The fiscal outlook in the near term is a concern for most school districts and municipalities, including this one. Top-down changes in funding will require flexibility and very careful planning at the local level. The Township of Franklin School District will continue to employ prudent and responsible fiscal practices to maintain its sound financial condition.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the School Business Administrator, 3228 Coles Mill Road, Franklinville, New Jersey 08322-3029.

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BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 313,060	\$ 43,056	\$ 356,116
Cash on Hand with Fiscal Agent	1,508,064	-	1,508,064
Receivables, Net (Note 4)	869,675	19,794	889,469
Internal Balances	18,105	(18,105)	-
Inventory	-	38,078	38,078
Restricted Cash & Cash Equivalents	3,605,856	-	3,605,856
Capital Assets, Net (Note 5)			
Non-Depreciable	900,827	-	900,827
Depreciable	14,390,695	63,487	14,454,182
Total Assets	21,606,282	146,310	21,752,592
DEFERED OUTFLOW OF RESOURCES			
Related to Pensions (Note 8)	1,604,876	-	1,604,876
Total Deferred Outflow of Resources	1,604,876	-	1,604,876
Total Assets and Deferred Outflow of Resources	23,211,158	146,310	23,357,468
LIABILITIES			
Accounts Payable	180	34,471	34,651
Accrued Interest Payable	5,948	-	5,948
Due to Other Governments	382,072	-	382,072
Unearned Revenue	1,553,062	34,977	1,588,039
Noncurrent Liabilities (Note 7):			
Due Within One Year	259,109	-	259,109
Due Beyond One Year	9,727,502	-	9,727,502
Total Liabilities	11,927,873	69,448	11,997,321
DEFERED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	2,355,785	-	2,355,785
Total Deferred Inflow of Resources	2,355,785	-	2,355,785
Total Liabilities and Deferred Inflow of Resources	14,283,658	69,448	14,353,106
NET POSITION			
Net Investment in Capital Assets	13,113,371	63,487	13,176,858
Restricted For:			
Capital Projects	2,660,842	-	2,660,842
Excess Surplus	-	-	-
Maintenance Reserve	1,377,351	-	1,377,351
Unrestricted	(8,224,064)	13,375	(8,210,689)
Total Net Position	\$ 8,927,500	\$ 76,862	\$ 9,004,362

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
Governmental Activities:							
Instruction:							
Regular	\$ 5,469,140	\$ -	\$ -	\$ (5,469,140)	\$ -	\$ -	(5,469,140)
Special Education	2,517,689	-	604,975	(1,912,714)	-	-	(1,912,714)
Other Instruction	842,546	-	-	(842,546)	-	-	(842,546)
Support Services:							
Tuition	625,987	-	-	(625,987)	-	-	(625,987)
Student & Instruction Related Services	1,842,354	-	71,729	(1,770,625)	-	-	(1,770,625)
Health Services	269,325	-	-	(269,325)	-	-	(269,325)
Educational Media Services/School Library	124,835	-	-	(124,835)	-	-	(124,835)
School Administrative Services	499,515	-	-	(499,515)	-	-	(499,515)
General Administration	515,679	-	-	(515,679)	-	-	(515,679)
Central Services	368,753	-	-	(368,753)	-	-	(368,753)
Administrative Information Technology	110,700	-	-	(110,700)	-	-	(110,700)
Plant Operations & Maintenance	1,946,350	-	-	(1,946,350)	-	-	(1,946,350)
Pupil Transportation	1,768,649	-	-	(1,768,649)	-	-	(1,768,649)
Unallocated Benefits	10,438,470	-	4,498,187	(5,940,283)	-	-	(5,940,283)
Transfer to Charter Schools	146,373	-	-	(146,373)	-	-	(146,373)
Interest and Charges on Long-Term Debt	58,196	-	-	(58,196)	-	-	(58,196)
Unallocated Depreciation	953,558	-	-	(953,558)	-	-	(953,558)
Total Governmental Activities	28,498,119	-	5,174,891	(23,323,228)	-	-	(23,323,228)

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Business-Type Activities:					
Food Service	505,826	164,081	301,198	-	(40,547)
Total Business-Type Activities	505,826	164,081	301,198	-	(40,547)
Total Primary Government	\$ 29,003,945	\$ 164,081	\$ 5,476,089	(23,323,228)	(23,363,775)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes				11,287,790	11,287,790
Federal & State Aid Not Restricted				9,494,644	9,494,644
Tuition Charges				1,494,986	1,494,986
Miscellaneous Income				581,247	581,247
Capital Asset Adjustment				(1,508,064)	(1,508,064)
Total General Revenues, Special Items, Extraordinary Items & Transfers				21,350,603	21,350,603
Change In Net Position				(1,972,625)	(2,013,172)
Net Position - Beginning				10,900,125	11,017,534
Net Position - Ending				\$ 8,927,500	\$ 9,004,362

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

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B. Fund Financial Statements

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Governmental Funds

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
Cash & Cash Equivalents	\$ -	\$ 153,779	\$ 149,961	\$ -	\$ 303,740
Cash on Hand with Fiscal Agent	1,508,064	-	-	-	1,508,064
Receivables from Other Governments	148,068	150,364	-	-	298,432
Other Accounts Receivable	571,103	-	-	-	571,103
Interfund Accounts Receivable	360,163	-	-	-	360,163
Restricted Cash & Cash Equivalents	3,605,856	-	-	-	3,605,856
Total Assets	\$ 6,193,254	\$ 304,143	\$ 149,961	\$ -	\$ 6,647,358
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 180	\$ -	\$ -	\$ -	\$ 180
Interfund Accounts Payable	-	294,757	47,161	-	341,918
Unearned Revenue	1,534,356	9,386	-	-	1,543,742
Total Liabilities	1,534,536	304,143	47,161	-	1,885,840
Fund Balances:					
Restricted for:					
Maintenance Reserve	1,377,351	-	-	-	1,377,351
Capital Reserve Account	2,558,042	-	-	-	2,558,042
Capital Projects Fund	-	-	102,800	-	102,800
Assigned to:					
Other Purposes	920,255	-	-	-	920,255
Designated for Subsequent Year Expendit	164,903	-	-	-	164,903
Unassigned:					
General Fund	(361,833)	-	-	-	(361,833)
Total Fund Balances	4,658,718	-	102,800	-	4,761,518
Total Liabilities & Fund Balances	\$ 6,193,254	\$ 304,143	\$ 149,961	\$ -	
Amounts reported for <i>governmental activities</i> in the statement of Net Position (A-1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$28,289,591 and the accumulated depreciation is \$12,998,069.					
					\$ 15,291,522
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.					
					(5,948)
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.					
					1,604,876
					(2,355,785)
Accrued pension contributions for the June 30, 2020 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.					
					(382,072)
Long-term liabilities, including net pension liability on bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.					
					(9,986,611)
Net position of Governmental Activities					<u>\$ 8,927,500</u>

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 11,287,790	\$ -	\$ -	\$ -	\$ 11,287,790
Tuition	1,494,986	-	-	-	1,494,986
Transportation	178,593	-	-	-	178,593
Interest Earned on Capital Reserve Funds	1,284	-	-	-	1,284
Interest Earned on Maintenance Reserve Fu	787	-	-	-	787
Miscellaneous	399,158	9,916	-	-	409,074
Total Local Sources	<u>13,362,598</u>	<u>9,916</u>	<u>-</u>	<u>-</u>	<u>13,372,514</u>
State Sources	12,495,567	-	-	-	12,495,567
Federal Sources	14,120	666,788	-	-	680,908
Total Revenues	<u>25,872,285</u>	<u>676,704</u>	<u>-</u>	<u>-</u>	<u>26,548,989</u>
Expenditures:					
Current Expense:					
Regular Instruction	5,580,059	-	-	-	5,580,059
Special Education Instruction	1,912,714	604,975	-	-	2,517,689
Other Instruction	842,546	-	-	-	842,546
Support Services:					
Tuition	625,987	-	-	-	625,987
Student & Instruction Related Services	1,770,625	71,729	-	-	1,842,354
Health Services	269,325	-	-	-	269,325
Educational Media Services/					
School Library	124,835	-	-	-	124,835
Instructional Staff Training	38,942	-	-	-	38,942
General Administrative	476,737	-	-	-	476,737
School Administrative Services	499,515	-	-	-	499,515
Central Services	368,753	-	-	-	368,753
Administrative Information Technology	110,700	-	-	-	110,700
Plant Operations & Maintenance	1,946,350	-	-	-	1,946,350
Pupil Transportation	1,826,582	-	-	-	1,826,582
Employee Benefits	5,656,817	-	-	-	5,656,817
On Behalf TPAF Pension and Social					
Security Contributions	3,005,127	-	-	-	3,005,127
Debt Service:					
Principal	-	-	-	150,000	150,000
Interest & Other Charges	8,491	-	-	45,660	54,151
Capital Outlay	2,855,300	-	15,236	-	2,870,536
Total Expenditures	<u>27,919,405</u>	<u>676,704</u>	<u>15,236</u>	<u>195,660</u>	<u>28,807,005</u>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(2,047,120)</u>	<u>-</u>	<u>(15,236)</u>	<u>(195,660)</u>	<u>(2,258,016)</u>
Other Financing Sources/(Uses):					
Transfers In	-	-	-	195,660	195,660
Transfers Out	(195,660)	-	-	-	(195,660)
Capital Lease Proceeds	2,208,445	-	-	-	2,208,445
Transfer to Charter School	(146,373)	-	-	-	(146,373)
Total Other Financing Sources & Uses	<u>1,866,412</u>	<u>-</u>	<u>-</u>	<u>195,660</u>	<u>2,062,072</u>
Net Change in Fund Balances	(180,708)	-	(15,236)	-	(195,944)
Fund Balances July 1,	<u>4,839,426</u>	<u>-</u>	<u>118,036</u>	<u>-</u>	<u>4,957,462</u>
Fund Balances June 30,	<u>\$ 4,658,718</u>	<u>\$ -</u>	<u>\$ 102,800</u>	<u>\$ -</u>	<u>\$ 4,761,518</u>

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (195,944)

Amounts reported for governmental activities in the statement of activities (A-2) 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 outlays exceeded depreciation in the period.

Depreciation Expense	\$	(953,558)	
Unspent Lease Proceeds - Asset Adjustment		(1,508,064)	
Assets Aquired Under Capital Lease		2,208,445	
Capital Outlays		653,600	400,423

Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 318,852

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. The accrued interest is an addition in the reconciliation (+). (4,045)

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (181,005)

In the statement of activities, certain operating expenses, e.g. supplie acquired through a capital lease, are expensed with the liability is incurred, whereas the expense is not recognized in the governmental fund until the financial resources are used (paid). (2,208,445)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned 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 amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (102,461)

Change in Net Position of Governmental Activities \$ (1,972,625)

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

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Proprietary Funds

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2020**

ASSETS	BUSINESS-TYPE ACTIVITIES		TOTAL
	ENTERPRISE FUNDS FOOD SERVICE FUND	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND	
Current Assets:			
Cash & Cash Equivalents	\$ 43,056	\$ 9,320	\$ 52,376
Accounts Receivable:			
Federal	12,093	-	12,093
State	1,454	-	1,454
Other	6,247	-	6,247
Inventories	38,078	-	38,078
Total Current Assets	100,928	9,320	110,248
Capital:			
Equipment	289,409	-	289,409
Accumulated Depreciation	(225,922)	-	(225,922)
Total Capital Assets	63,487	-	63,487
Total Assets	164,415	9,320	173,735
LIABILITIES			
Current Liabilities:			
Accounts Payable	34,471	-	34,471
Unearned Revenue	34,977	9,320	44,297
Interfund Payable	18,105	-	18,105
Total Current Liabilities	87,553	9,320	96,873
Total Liabilities	87,553	9,320	96,873
NET POSITION			
Investment in Capital Assets	63,487	-	63,487
Unrestricted	13,375	-	13,375
Total Net Position	\$ 76,862	\$ -	\$ 76,862

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2020**

	BUSINESS-TYPE ACTIVITIES		GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND	TOTAL
	ENTERPRISE FUND FOOD SERVICE FUND			
Operating Revenue:				
Daily Sales - Reimbursable Programs	\$ 114,246	\$ -	\$ -	\$ 114,246
Daily Sales - Nonreimbursable Programs	44,410	-	-	44,410
Special Functions	524	-	-	524
Miscellaneous	4,901	-	-	4,901
	<hr/>			
Total Operating Revenue	164,081	-	-	164,081
	<hr/>			
Operating Expenses:				
Salaries	197,754	-	-	197,754
Employee Benefits	48,459	-	-	48,459
Supplies and Materials	31,868	-	-	31,868
Other Purchased Services	41,037	-	-	41,037
Depreciation	4,961	-	-	4,961
Miscellaneous Other Expenses	10,227	-	-	10,227
Cost of Sales - Reimbursable Programs	147,192	-	-	147,192
Cost of Sales - Non-Reimbursable Programs	24,328	-	-	24,328
	<hr/>			
Total Operating Expenses	505,826	-	-	505,826
	<hr/>			
Operating (Loss)/Gain	(341,745)	-	-	(341,745)
	<hr/>			
Nonoperating Revenues/(Expenses):				
State Sources:				
State School Lunch Program	5,499	-	-	5,499
Federal Sources:				
National School Lunch Program	173,161	-	-	173,161
Food Distribution Program	42,427	-	-	42,427
Special Milk Program	354	-	-	354
National Breakfast Program	79,757	-	-	79,757
	<hr/>			
Total Nonoperating Revenues	301,198	-	-	301,198
	<hr/>			
Change in Net Position	(40,547)	-	-	(40,547)
Net Position - Beginning of Year	117,409	-	-	117,409
	<hr/>			
Total Net Position - End of Year	\$ 76,862	\$ -	\$ -	\$ 76,862

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR FISCAL YEAR ENDED JUNE 30, 2020**

	BUSINESS-TYPE ACTIVITIES		GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND	TOTAL
	ENTERPRISE FUND FOOD SERVICE FUND			
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 180,406	\$ -		\$ 180,406
Payments to Employees	(197,754)	-		(197,754)
Payments for Employee Benefits	(48,459)	-		(48,459)
Payments to Suppliers	(236,037)	-		(236,037)
Net Cash Provided/(Used) by Operating Activities	(301,844)	-		(301,844)
Cash Flows From Capital Financing Activities:				
Purchase of Equipment	(12,349)	-		(12,349)
Net Cash Used by Capital Financing Activities	(12,349)	-		(12,349)
Cash Flows From Noncapital Financing Activities:				
Cash Received From State & Federal Reimbursements	306,874	-		306,874
Net Cash Provided by Noncapital Financing Activities	306,874	-		306,874
Net Cash Provided by Investing Activities	-	-		-
Net Increase/(Decrease) in Cash & Cash Equivalents	(7,319)	-		(7,319)
Cash & Cash Equivalents, July 1	50,375	9,320		59,695
Cash & Cash Equivalents, June 30	\$ 43,056	\$ 9,320		\$ 52,376

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:

Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ (341,745)	\$ -		\$ (341,745)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	4,961	-		4,961
Change in Assets & Liabilities:				
(Increase)/Decrease in Accounts Receivable	(582)	-		(582)
(Increase)/Decrease in Inventory	(15,856)	-		(15,856)
Increase/(Decrease) in Unearned Revenue	16,907	-		16,907
Increase/(Decrease) in Accounts Payable	34,471	-		34,471
Total Adjustments	39,901	-		39,901
Net Cash Provided/(Used) by Operating Activities	\$ (301,844)	\$ -		\$ (301,844)

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

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Fiduciary Fund

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

ASSETS	UNEMPLOYMENT COMPENSATION TRUST	PAYROLL FUND	AGENCY STUDENT ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 347,399	\$ 92,044	\$ 17,298	\$ 456,741
Total Assets	347,399	92,044	17,298	456,741
LIABILITIES				
Payroll Deductions & Withholdings	-	91,904	-	91,904
Accounts Payable	19,569	-	-	19,569
Due to Student Groups	-	-	17,298	17,298
Interfund Accounts Payable	-	140	-	140
Total Liabilities	19,569	92,044	17,298	128,911
NET POSITION				
Reserved:				
Unemployment Claims	327,830	-	-	327,830
Total Net Position	\$ 327,830	\$ -	\$ -	\$ 327,830

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	UNEMPLOYMENT COMPENSATION TRUST	TOTAL
ADDITIONS:		
Contributions:		
Plan Member	\$ 24,579	\$ 24,579
Total Contributions	24,579	24,579
Investment Earnings:		
Interest on Investments	1,602	1,602
Total Investment Earnings	1,602	1,602
Total Additions	26,181	26,181
DEDUCTIONS:		
Unemployment Claims	40,878	40,878
Total Deductions	40,878	40,878
Change in Net Position	(14,697)	(14,697)
Net Position - Beginning of Year	342,527	342,527
Net Position - End of Year	\$ 327,830	\$ 327,830

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies

The financial statements of the Board of Education of Township of Franklin School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Township of Franklin School District (hereafter referred to as the “District”) is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the District is to educate students in grades kindergarten through sixth, as well as having a preschool program for handicapped children, at its three schools. The District has an approximate enrollment at June 30, 2020 of 1,414 students.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization’s board
- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. and GASB 80, Blending Requirements for certain component Units - an Amendment of GASB Statement No. 14. The School District had no component units as of for the year ended June 30, 2020.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued):

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and

deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges 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 taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued):

reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements 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 (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued):

Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

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 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that 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 loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2020 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued):

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued):

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued):

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2020.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2020:

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

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

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net 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.

In addition to liabilities, the statement of net 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 periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies (continued):

Pensions (continued):

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2020, the District’s bank balance of \$4,968,116 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	4,359,137
Uninsured and Uncollateralized		608,979
	\$	4,968,116

Investments

The School District has no investments at June 30, 2020.

Note 3. Reserve Accounts

A. Capital Reserve

A capital reserve account was established by the Township of Franklin Board of Education, in prior years, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account 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 (June 1 to June 30) 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 3. Reserve Accounts (continued):

A. Capital Reserve (continued):

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019		\$	1,752,417
Increased by:			
Interest Earnings			1,285
Deposits approved by Board			<u>1,000,000</u>
			2,753,702.00
Decreased by:			
Budget Withdrawals			<u>(195,660)</u>
Ending Balance, June 30, 2020		\$	<u><u>2,558,042</u></u>

The June 30, 2020 balance did not exceed the LRFP balance of local support costs of uncompleted capital projects.

B. Maintenance Reserve Account

The District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance 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

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019		\$	1,117,800
Increased by:			
Interest Earnings			787
Deposits approved by Board			<u>258,764</u>
Ending Balance, June 30, 2020		\$	<u><u>1,377,351</u></u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2020 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ 150,364	\$ 150,364	\$ 12,093	\$ 12,093
State Awards	148,068	-	148,068	1,454	1,454
Other	571,103	-	571,103	6,247	6,247
Total	\$ 719,171	\$ 150,364	\$ 869,535	\$ 19,794	\$ 19,794

Note 5. Capital Assets

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements and Adjustments</u>	<u>Balance June 30, 2020</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 200,446	\$ -	\$ -	\$ 200,446
Construction in Progress	-	700,381	-	700,381
Total Capital Assets not being depreciated	200,446	700,381	-	900,827
Capital Assets being depreciated:				
Land Improvements	250,807	-	-	250,807
Buildings and Improvements	21,943,427	-	-	21,943,427
Equipment	4,909,279	653,600	(368,349)	5,194,530
Total Capital Assets being depreciated	27,103,513	653,600	(368,349)	27,388,764
Less: Accumulated Depreciation:				
Land Improvements	(202,164)	(15,539)	-	(217,703)
Buildings and Improvements	(8,606,693)	(593,986)	-	(9,200,679)
Equipment	(3,604,003)	(344,033)	368,349	(3,579,687)
Total Accumulated Depreciation	(12,412,860)	(953,558)	368,349	(12,998,069)
Total Capital Assets being depreciated, net	14,690,653	(299,958)	-	14,390,695
Total Governmental Activities Capital Assets, net	\$ 14,891,099	\$ 400,423	\$ -	\$ 15,291,522

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 5. Capital Assets (continued):

	Balance July 1, <u>2019</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2020</u>
Business-Type Activities:				
Equipment	\$ 277,060	\$ 12,349	\$ -	\$ 289,409
	<u>277,060</u>	<u>12,349</u>	<u>-</u>	<u>289,409</u>
Less: Accumulated Depreciation:				
Equipment	(220,961)	(4,961)	-	(225,922)
	<u>(220,961)</u>	<u>(4,961)</u>	<u>-</u>	<u>(225,922)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 56,099</u>	<u>\$ 7,388</u>	<u>\$ -</u>	<u>\$ 63,487</u>

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2020 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 360,163	\$ -
Special Revenue Fund	-	294,757
Capital Projects Fund	-	47,161
Food Service Fund	-	18,105
Payroll Fund	-	140
	<u>\$ 360,163</u>	<u>\$ 360,163</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 195,660	\$ -
Debt Service Fund	-	195,660
	<u>\$ 195,660</u>	<u>\$ 195,660</u>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2020 the following changes occurred in long-term obligations:

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 1,522,000	\$ -	\$ 150,000	\$ 1,372,000	\$ 155,000
Capital Leases	274,622	2,208,445	168,852	2,314,215	104,109
Compensated Absences	147,041	102,461	-	249,502	-
Net Pension Liability	6,234,632	-	183,738	6,050,894	-
	<u>\$ 8,178,295</u>	<u>\$ 2,310,906</u>	<u>\$ 502,590</u>	<u>\$ 9,986,611</u>	<u>\$ 259,109</u>

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. At June 30, 2020, bonds payable consisted of the following individual issues:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2013 School Bonds	2.00% - 3.00%	6/15/2028	\$ 2,332,000	<u>\$ 1,372,000</u>
				<u>\$ 1,372,000</u>

Principal and Interest due on the outstanding bonds is as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 155,000	\$ 41,160	\$ 196,160
2022	155,000	36,510	191,510
2023	165,000	31,860	196,860
2024	170,000	26,910	196,910
2025	175,000	21,810	196,810
2026-2028	<u>552,000</u>	<u>33,330</u>	<u>585,330</u>
	<u>\$ 1,372,000</u>	<u>\$ 191,580</u>	<u>\$ 1,563,580</u>

Bonds Authorized But Not Issued:

As of June 30, 2020, the District had no authorized but not issued bonds.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 7. Long-Term Obligations (continued):

B. Capital Leases

During the year ended June 30, 2020, one new capital lease was approved totaling \$2,208,445, for ESIP equipment at an interest rate of 2.85%. Prior year capital leases provided for Chrome Books, other computer equipment, two school buses and a truck. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2020:

Fiscal Year Ending <u>June 30,</u>	
2021	\$ 73,501
2022	114,265
2023	75,373
2024	79,786
2025	84,382
2026-2030	443,356
2031-2035	575,396
2036-2041	<u>868,156</u>
Present Value of Minimum Lease Payments	<u>\$ 2,314,215</u>

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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:

<u>Tier</u>	<u>Definition</u>
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 tiers 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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 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 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. 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. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2020, the School District reported a liability of \$6,050,894 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The School District's proportion measured as of June 30, 2019, was 0.03358%, which was an increase of 0.00192% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized full accrual pension expense of \$507,657 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 108,606	\$ 26,730
Changes of Assumptions	604,204	2,100,246
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	95,516
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	509,994	133,293
School District Contributions Subsequent to Measurement Date	382,072	-
	\$ 1,604,876	\$ 2,355,785

\$382,072 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending Dec 31,	Amount
2020	\$ (89,804)
2021	(316,450)
2022	(557,577)
2023	(162,257)
2024	(6,893)
	\$ (1,132,981)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions – The collective 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 assumptions:

Inflation	
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 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

<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%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate of 6.28% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher 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 Net Pension Liability	\$ <u>7,696,434</u>	\$ <u>6,050,894</u>	\$ <u>4,741,858</u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

Balances at June 30, 2020 and June 30, 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 3,149,522,616	\$ 4,684,852,302
Deferred Inflows of Resources	7,645,087,574	7,646,736,226
Net Pension Liability	18,143,832,135	19,689,501,539
District's portion of the Plan's total Net Pension Liability	0.03358%	0.03166%

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
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 tiers 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 reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. 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 fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2019 was \$50,695,788. The School District's proportionate share was \$-0-.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.082606%, which was an increase of .00243% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the School District recognized \$2,990,173 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2019 measurement date.

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:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Inflation	
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%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on 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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

<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%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.60% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 8. Pension Plans (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

	1% Decrease <u>(4.60%)</u>	Current Discount Rate <u>(5.60%)</u>	1% Increase <u>(6.60%)</u>
TPAF Employer Number - 7015's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the TPAF Employer Number - 7015	<u>59,781,555</u>	<u>50,695,788</u>	<u>43,157,471</u>
	<u>\$ 59,781,555</u>	<u>\$ 50,695,788</u>	<u>\$ 43,157,471</u>

Pension Plan Fiduciary Net Position - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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.

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2019 and 2018:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective Deferred Outflows of Resources	\$ 10,129,162,237	\$ 12,675,037,111
Collective Deferred Inflows of Resources	17,736,240,054	16,381,811,884
Collective Net Pension Liability	61,519,112,443	63,806,350,446
School District's Portion	0.08261%	0.08018%

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2020 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2020, employee contributions totaled \$2,404, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$17,899.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). 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.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 9. Other Post-Retirement Benefits (continued):

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey’s obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate: 2.5%

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 3.05% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 9. Other Post-Retirement Benefits (continued):

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2019 was \$47,177,701. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the School District was 0.11306%, which was a decrease of 0.00120% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB expense in the amount of \$871,391 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate 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 rate 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%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This 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.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 55,735,508	\$ 47,177,701	\$ 40,379,848
State of New Jersey's Total Non- employer Liability	\$ 49,298,534,898	\$ 41,729,081,045	\$ 35,716,321,820

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

9. Other Post-Retirement Benefits (continued):

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 38,872,323	\$ 47,177,701	\$ 58,172,316
State of New Jersey's Total Nonemployer OPEB Liability	\$ 34,382,902,820	\$ 41,729,081,045	\$ 51,453,912,586

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ 1,921,145,183	\$ (1,921,145,183)
Change in Assumptions	-	(10,484,965,300)
Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date **	TBD	-
	<u>\$ 1,921,145,183</u>	<u>\$ (20,887,639,826)</u>

** Employer Contributions made after June 30, 2019 are reported as a deferred outflow of resources, but are not amortized in expense.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

9. Other Post-Retirement Benefits (continued):

Fiscal Year Ending June 30,		
2020	\$	(2,546,527,182)
2021		(2,546,527,182)
2022		(2,546,527,182)
2023		(2,546,527,182)
2024		(2,546,527,182)
Thereafter		(6,233,858,733)
	<u>\$</u>	<u>(18,966,494,643)</u>

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

	June 30, 2018
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	148,051
	364,943

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

Total OPEB Liability

Service Cost	\$ 1,734,404,850
Interest Cost	1,827,787,206
Difference Between Expected & Actual Experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Contributions: Member	37,971,171
Gross Benefit Payments	(1,280,958,373)
Net Change in Total OPEB Liability	(4,381,751,937)
Total OPEB Liability (Beginning)	46,110,832,982
Total OPEB Liability (Ending)	\$ 41,729,081,045
Total Covered Employee Payroll	\$ 13,929,083,479
Net OPEB Liability as a Percentage of Payroll	300%

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2020, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$1,727,597, \$634,566, \$640,907 and \$2,057, respectively.

Note 11. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – 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 School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ -	\$ 24,579	\$ 1,602	\$ 40,878	\$ 327,830
2018-2019	-	15,129	1,703	19,090	342,527
2017-2018	-	23,051	1,650	7,870	344,785

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 13. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

Note 14. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Met Life
American General Securities
Aspire Financial Services
GWN Investments
Lincoln Investment Planning
AXA Equitable
Vanguard Group
Voya Financial

Note 15. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amount of vacation and sick leave in accordance with the District's personnel policies. The District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2020 is \$249,502.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020 no liability existed for compensated absences in the proprietary fund types.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 16. Operating Leases

There was one operating lease obligation that existed for the year ended June 30, 2020, for which the District had commitments to lease seven Xerox copiers under operating lease that expire in 2021. Future minimum lease payments are as follows:

Fiscal Year Ending <u>June 30,</u>	
2021	<u>\$ 8,181</u>
Total Minimum Lease Payments	<u>\$ 8,181</u>

Note 17. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, 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 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 a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 18. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 was \$0.

Note 19. Fund Balance

General Fund – Of the \$4,658,718 General Fund fund balance at June 30, 2020, \$2,558,042 has been reserved in the Capital Reserve Account; \$1,377,351 has been reserved in the Maintenance Reserve Account; \$920,255 has been reserved for encumbrances; \$164,903 has been designated for subsequent year expenditures; and \$(361,833) is unassigned.

Capital Projects Fund – Of the \$102,800 Capital Projects Fund fund balance at June 30, 2020, \$102,800 is restricted for capital projects.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 20. Deficit in Net Position

Unrestricted Net Position – The School District’s governmental activities had a deficit in unrestricted net position in the amount of \$(8,224,064). The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employees’ Retirement System (PERS) as of June 30, 2020. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 21. Deficit Fund Balances

The School District has a deficit fund balance of \$(361,833) in the General Fund as of June 30, 2020 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$(361,833) which is less than the last state aid payments.

Note 22. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 27, 2021, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items other than the below have come to the attention of the School District that would require disclosure.

COVID – 19 – has caused considerable economic damage to the New Jersey economy. As a result, Governor Murphy decreased the originally appropriated school state aid by over \$335 million state wide for the 2020-2021 school year. The Franklin Township School District’s state aid was reduced by \$127,819. In order to make up for this decrease in aid, the School District reduced budget appropriations by \$127,819.

As the COVID-19 pandemic remains a fluid situation, outside of the reduction in state aid, it is not currently known what further economic challenges are ahead for local school districts.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:						
Local Tax Levy	10-1210	\$ 11,287,790	\$ -	\$ 11,287,790	\$ 11,287,790	\$ -
Tuition from Individuals	10-1310	36,000	-	36,000	26,820	(9,180)
Tuition from Other LEA's Within the State	10-1320	1,419,556	-	1,419,556	1,468,166	48,610
Tuition from Other Governmental Sources within State	10-1321	-	-	-	-	-
Transportation Fees from Other LEA's	10-1420	100,000	-	100,000	178,593	78,593
Interest on Maintenance Reserve Funds	10-1513	150	-	150	787	637
Interest on Capital Reserve Funds	10-1511	175	-	175	1,284	1,109
Miscellaneous Revenues	10-1990	45,850	-	45,850	399,158	353,308
Total Local Sources		12,889,521	-	12,889,521	13,362,598	473,077
State Sources:						
Equalization Aid	10-3176	7,628,286	-	7,628,286	7,628,286	-
Categorical Security Aid	10-3177	177,000	-	177,000	177,000	-
Categorical Transportation Aid	10-3121	836,192	-	836,192	836,192	-
Categorical Special Education Aid	10-3132	737,647	-	737,647	737,647	-
Extraordinary Aid	10-3131	-	-	-	82,129	82,129
Non-Public Transportation Aid	10-3190	-	-	-	15,950	15,950
Homeless Tuition		-	-	-	19,159	19,159
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	1,727,597	1,727,597
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	640,907	640,907
On-Behalf TPAF Long Term Disability Insurance Contribution		-	-	-	2,057	2,057
Reimbursed TPAF Social Security Contribution		-	-	-	634,566	634,566
Total State Sources		9,379,125	-	9,379,125	12,501,490	3,122,365
Federal Sources:						
Medicaid Reimbursement		47,607	-	47,607	14,120	(33,487)
Total Federal Sources		47,607	-	47,607	14,120	(33,487)
Total Revenues		22,316,253	-	22,316,253	25,878,208	3,561,955
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	611,170	(86,696)	524,474	520,327	4,147
Grades 1 - 5	11-120-100-101	3,288,549	71,779	3,360,328	3,335,566	24,762
Grades 6 - 8	11-130-100-101	768,045	(66,108)	701,937	699,731	2,206
Home Instruction:						
Salaries of Teachers	11-150-100-101	5,000	(4,000)	1,000	450	550
Purchased Professional/Education Services	11-150-100-320	6,000	(6,000)	-	-	-
Regular Programs - Undistributed Instruction:						
Purchased Professional/Education Services	11-190-100-320	9,000	1,200	10,200	9,420	780
Other Purchased Services	11-190-100-500	426,421	(94,663)	331,758	279,941	51,817
General Supplies	11-190-100-610	550,107	219,364	769,471	712,254	57,217
Textbooks	11-190-100-640	150,000	(150,000)	-	-	-
Miscellaneous Expenditures	11-190-100-890	33,562	(6,424)	27,138	22,370	4,768
Total Regular Programs		5,847,854	(121,548)	5,726,306	5,580,059	146,247
Special Education:						
Learning and/or Language Disabilities						
Salaries of Teachers	11-204-100-101	228,908	(30,742)	198,166	166,505	31,661
Other Salaries for Instruction	11-204-100-106	96,672	12,277	108,949	107,055	1,894
General Supplies	11-204-100-610	2,525	402	2,927	1,094	1,833
Total Learning and/or Language Disabilities:		328,105	(18,063)	310,042	274,654	35,388

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBERS	JUNE 30, 2020			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Multiple Disabilities						
Salaries of Teachers	11-212-100-101	143,381	14,913	158,294	155,590	2,704
Other Salaries for Instruction	11-212-100-106	61,857	(11,574)	50,283	43,643	6,640
General Supplies	11-212-100-610	2,350	-	2,350	57	2,293
Total Multiple Disabilities:		207,588	3,339	210,927	199,290	11,637
Resource Room:						
Salaries of Teachers	11-213-100-101	1,170,117	(32,121)	1,137,996	1,126,726	11,270
Other Salaries for Instruction	11-213-100-106	147,432	514	147,946	147,946	-
General Supplies	11-213-100-610	10,500	(987)	9,513	6,296	3,217
Total Resource Room		1,328,049	(32,594)	1,295,455	1,280,968	14,487
Preschool Disabilities - Part-Time						
Salaries of Teachers	11-215-100-101	110,141	1,985	112,126	111,667	459
Other Salaries for Instruction	11-215-100-106	47,075	(5,293)	41,782	41,220	562
General Supplies	11-215-100-600	1,350	-	1,350	883	467
Total Preschool Disabilities - Part-Time		158,566	(3,308)	155,258	153,770	1,488
Home Instruction:						
Salaries of Teachers	11-219-100-101	4,500	(4,500)	-	-	-
Purchased Professional/Education Services	11-219-100-320	5,000	(612)	4,388	4,032	356
Other Purchased Services	11-219-100-500	150	(150)	-	-	-
Total Home Instruction		9,650	(5,262)	4,388	4,032	356
Total Special Education		2,031,958	(55,888)	1,976,070	1,912,714	63,356
Basic Skills/Remedial - Instruction						
Salaries of Teachers	11-230-100-101	626,694	3,241	629,935	630,380	(445)
Total Bilingual Education - Instruction		626,694	3,241	629,935	630,380	(445)
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	24,893	1,027	25,920	18,357	7,563
Total Bilingual Education - Instruction		24,893	1,027	25,920	18,357	7,563
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	38,000	-	38,000	28,392	9,608
Transfers to Cover Deficit	11-401-100-930	3,000	-	3,000	-	3,000
Total School Sponsored Cocurricular Activities		41,000	-	41,000	28,392	12,608
Total Other Instructional Programs		692,587	4,268	696,855	677,129	19,726
Other Supplemental/At-Risk Programs - Instruction:						
Salaries of Reading Specialists	11-424-100-179	173,470	(2,158)	171,312	165,417	5,895
Total Other Instructional Programs		173,470	(2,158)	171,312	165,417	5,895
Total Instruction		8,745,869	(175,326)	8,570,543	8,335,319	235,224
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEAs Within the State - Regular	11-000-100-561	61,898	(44,906)	16,992	16,759	233
Tuition to Other LEAs Within the State - Special	11-000-100-562	46,000	(26,572)	19,428	17,338	2,090
Tuition to County Special Services District/Regional Day Schools	11-000-100-565	-	11,641	11,641	11,641	-
Tuition to Private School for the Handicapped - State	11-000-100-566	546,849	(3,997)	542,852	480,249	62,603
Tuition to Private School for the Handicapped - Other LEA's Out of State	11-000-100-567	100,000	-	100,000	100,000	-
Total Undistributed Expenditures - Instruction		754,747	(63,834)	690,913	625,987	64,926
Attendance & Social Work Services:						
Salaries	11-000-211-100	13,105	-	13,105	13,105	-
Other Purchased Services	11-000-211-500	500	(471)	29	29	-
Total Attendance & Social Work Services		13,605	(471)	13,134	13,134	-
Health Services:						
Salaries	11-000-213-100	233,097	18,108	251,205	252,424	(1,219)
Purchased Professional & Technical Service:	11-000-213-300	12,000	350	12,350	12,350	-
Other Purchased Services	11-000-213-500	1,045	(593)	452	452	-
Supplies and Materials	11-000-213-600	8,383	(411)	7,972	4,099	3,873
Total Health Services		254,525	17,454	271,979	269,325	2,654

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBERS	JUNE 30, 2020			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	335,106	(49,226)	285,880	278,964	6,916
Purchased Professional/Education Services	11-000-216-320	45,735	30,430	76,165	63,691	12,474
Supplies and Materials	11-000-216-600	4,875	96	4,971	4,083	888
Total Other Support Services - Students - Related Services		385,716	(18,700)	367,016	346,738	20,278
Other Support Services - Students - Extra Services:						
Salaries of Teachers	11-000-217-100	113,833	62,960	176,793	176,736	57
Purchased Professional/Education Services	11-000-217-320	209,250	(56,425)	152,825	82,025	70,800
Supplies and Materials	11-000-217-600	7,500	1,558	9,058	9,058	-
Total Other Support Services - Students - Extra Services		330,583	8,093	338,676	267,819	70,857
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	166,929	6,275	173,204	156,129	17,075
Other Salaries	11-000-218-110	2,070	(2,070)	-	-	-
Other Purchased Professional and Technical Service:	11-000-218-390	530	(530)	-	-	-
Supplies and Materials	11-000-218-600	1,500	(1,500)	-	-	-
Total Other Support Services - Students - Regular		171,029	2,175	173,204	156,129	17,075
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	415,819	(7,600)	408,219	407,344	875
Salaries of Secretarial & Clerical Assistant:	11-000-219-105	40,973	5,530	46,503	41,530	4,973
Other Purchased Professional and Technical Service:	11-000-219-390	23,930	(1,158)	22,772	19,562	3,210
Residential Costs	11-000-219-591	22,300	(6,896)	15,404	15,404	-
Supplies and Materials	11-000-219-600	6,164	840	7,004	4,806	2,198
Other Objects	11-000-219-800	1,000	-	1,000	-	1,000
Total Other Support Services - Students - Special Services		510,186	(9,284)	500,902	488,646	12,256
Improvement of Instruction Services/Other Support Services - Instructional Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	191,124	(163)	190,961	190,961	-
Salaries of Secretarial & Clerical Assistant:	11-000-221-105	34,419	(81)	34,338	34,338	-
Other Salaries	11-000-221-110	51,463	(4,002)	47,461	38,588	8,873
Salaries of Facilitators, Math & Literacy Coaches	11-000-221-176	182,869	1,405	184,274	164,628	19,646
Other Purchased Professional and Technical Service:	11-000-221-390	49,565	16,587	66,152	66,152	-
Other Purchased Services	11-000-221-500	4,200	-	4,200	1,523	2,677
Supplies and Materials	11-000-221-600	3,000	-	3,000	279	2,721
Other Objects	11-000-221-800	2,000	-	2,000	1,690	310
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		518,640	13,746	532,386	498,159	34,227
Educational Media Services/School Library						
Salaries	11-000-222-100	119,153	6,255	125,408	113,250	12,158
Supplies and Materials	11-000-222-600	18,604	(2,607)	15,997	11,585	4,412
Total Educational Media Services/School Library		137,757	3,648	141,405	124,835	16,570
Support Services Instructional Staff Training Service:						
Other Salaries	11-000-223-110	17,350	-	17,350	8,309	9,041
Purchased Professional/Education Services	11-000-223-320	25,850	(300)	25,550	11,542	14,008
Other Purchased Professional and Technical Service:	11-000-223-390	3,825	2,134	5,959	2,887	3,072
Other Purchased Services	11-000-223-500	16,500	(3,200)	13,300	12,666	634
Supplies and Materials	11-000-223-600	6,785	(1,080)	5,705	3,538	2,167
Other Objects	11-000-223-800	150	-	150	-	150
Total Support Services Instructional Staff Training Services		70,460	(2,446)	68,014	38,942	29,072

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services General Administration:						
Salaries	11-000-230-100	247,224	(1,989)	245,235	245,103	132
Legal Services	11-000-230-331	59,000	(9,565)	49,435	23,334	26,101
Audit Services	11-000-230-332	24,536	(286)	24,250	24,250	-
Architectural/Engineering Services	11-000-230-334	13,000	(13,000)	-	-	-
Other Purchased Professional Services	11-000-230-339	28,165	(6,704)	21,461	21,461	-
Purchased Technical Services	11-000-230-340	20,500	21,790	42,290	38,535	3,755
Communications/Telephone	11-000-230-530	49,700	5,045	54,745	49,324	5,421
BOE Other Purchased Professional Services	11-000-230-585	2,900	339	3,239	3,239	-
Other Purchased Services	11-000-230-590	57,275	5,603	62,878	41,930	20,948
Supplies & Materials	11-000-230-610	9,500	3,065	12,565	10,306	2,259
Judgements Against District	11-000-230-820	-	-	-	-	-
Miscellaneous Expenditures	11-000-230-890	7,650	-	7,650	5,596	2,054
BOE Membership Dues & Fees	11-000-230-895	10,980	2,679	13,659	13,659	-
Total Support Services General Administration		530,430	6,977	537,407	476,737	60,670
Support Services School Administration:						
Salaries of Principals & Assistant Principal:	11-000-240-103	341,529	-	341,529	340,829	700
Salaries of Secretarial & Clerical Assistant:	11-000-240-105	140,701	(35)	140,666	138,389	2,277
Other Purchased Services	11-000-240-500	6,349	144	6,493	2,516	3,977
Supplies and Materials	11-000-240-600	21,720	1,339	23,059	13,139	9,920
Other Objects	11-000-240-800	14,750	-	14,750	4,642	10,108
Total Support Services School Administration		525,049	1,448	526,497	499,515	26,982
Central Services:						
Salaries	11-000-251-100	255,907	296	256,203	256,095	108
Unused Vacation Payment to Termin/Retired Staff	11-000-251-199	-	-	-	-	-
Purchased Professional Services	11-000-251-330	3,700	9,453	13,153	13,153	-
Purchased Technical Services	11-000-251-340	84,630	10,628	95,258	95,258	-
Other Purchased Services	11-000-251-592	4,300	(2,345)	1,955	521	1,434
Supplies & Materials	11-000-251-600	3,000	-	3,000	1,977	1,023
Other Objects	11-000-251-890	1,300	449	1,749	1,749	-
Total Central Services		352,837	18,481	371,318	368,753	2,565
Administrative Information Technology						
Salaries	11-000-252-100	5,700	-	5,700	5,700	-
Purchased Technical Services	11-000-252-340	105,000	-	105,000	105,000	-
Other Objects	11-000-252-800	100	-	100	-	100
Total Administrative Information Technology		110,800	-	110,800	110,700	100
Allowance Maintenance for School Facilities						
Salaries	11-000-261-100	168,194	(4,324)	163,870	161,350	2,520
Cleaning, Repair & Maintenance Services:	11-000-261-420	273,480	73,349	346,829	274,399	72,430
General Supplies	11-000-261-610	49,050	(18,760)	30,290	17,886	12,404
Total Allowance Maintenance for School Facilities:		490,724	50,265	540,989	453,635	87,354

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	647,670	(5,319)	642,351	641,956	395
Salaries of Non-Instructional Aides	11-000-262-107	55,170	1,882	57,052	55,597	1,455
Purchased Professional & Technical Service:	11-000-262-300	36,200	10,830	47,030	36,745	10,285
Cleaning, Repair & Maintenance Service:	11-000-262-420	50,750	(26,974)	23,776	15,913	7,863
Other Purchased Property Services	11-000-262-490	1,345	(5)	1,340	182	1,158
Insurance	11-000-262-520	111,000	(10,505)	100,495	100,495	-
Other Purchased Services	11-000-262-590	1,150	-	1,150	-	1,150
General Supplies	11-000-262-610	112,225	21,247	133,472	110,638	22,834
Energy (Natural Gas)	11-000-262-621	151,117	17,577	168,694	127,872	40,822
Energy (Electricity)	11-000-262-622	252,889	4,219	257,108	254,237	2,871
Miscellaneous Expenditures	11-000-262-800	5,982	-	5,982	5,781	201
Total Other Operation & Maintenance of Plant Services		1,425,498	12,952	1,438,450	1,349,416	89,034
Care & Upkeep of Grounds:						
Salaries	11-000-263-100	101,154	(13,335)	87,819	86,573	1,246
Cleaning, Repair & Maintenance Service:	11-000-263-420	500	-	500	-	500
General Supplies	11-000-263-610	11,400	(6,525)	4,875	765	4,110
Total Care & Upkeep of Grounds		113,054	(19,860)	93,194	87,338	5,856
Security:						
Purchased Professional & Technical Service:	11-000-266-300	40,000	15,000	55,000	51,209	3,791
Cleaning, Repair & Maintenance Service:	11-000-266-420	15,000	-	15,000	2,750	12,250
General Supplies	11-000-266-610	3,600	-	3,600	2,002	1,598
Total Security		58,600	15,000	73,600	55,961	17,639
Total Operation & Maintenance of Plant Services		2,087,876	58,357	2,146,233	1,946,350	199,883
Student Transportation Services:						
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	779,657	13,414	793,071	793,071	-
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	176,358	5,446	181,804	181,804	-
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	12,128	(12,113)	15	-	15
Purchased Professional & Technical Service:	11-000-270-390	13,459	(10,114)	3,345	1,452	1,893
Cleaning, Repair & Maintenance Service:	11-000-270-420	53,550	6,378	59,928	56,202	3,726
Aid in Lieu of Payments - Nonpublic	11-000-270-503	40,000	(6,500)	33,500	22,511	10,989
Aid in Lieu of Payments - Charter School	11-000-270-504	4,000	(4,000)	-	-	-
Aid in Lieu of Payments - Choice School	11-000-270-505	4,000	(4,000)	-	-	-
Contracted Services (Other Than Between Home & School) - Joint Agreements	11-000-270-513	165,754	(33,410)	132,344	118,245	14,099
Contracted Services (Special Education Students) - Joint Agreements	11-000-270-515	371,591	79,598	451,189	313,860	137,329
Miscellaneous Purchased Services - Transportation	11-000-270-593	73,155	17,322	90,477	79,960	10,517
Supplies and Materials	11-000-270-610	1,700	(193)	1,507	412	1,095
Transportation Supplies	11-000-270-615	333,534	(24,070)	309,464	257,490	51,974
Other Objects	11-000-270-800	2,200	(51)	2,149	1,575	574
Total Student Transportation Services		2,031,086	27,707	2,058,793	1,826,582	232,211

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ACCOUNT NUMBERS	JUNE 30, 2020			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Unallocated Benefits - Employee Benefits						
Social Security	11-000-291-220	280,000	-	280,000	265,910	14,090
Other Retirement Contributions - PERS	11-000-291-241	334,000	(5,566)	328,434	328,434	-
Other Retirement Contributions - Regular	11-000-291-249	18,000	-	18,000	9,070	8,930
Unemployment Compensation	11-000-291-250	25,000	(25,000)	-	-	-
Worker's Compensation	11-000-291-260	188,727	(13,234)	175,493	175,493	-
Health Benefits	11-000-291-270	4,389,363	672,508	5,061,871	4,760,368	301,503
Tuition Reimbursement	11-000-291-280	36,000	(27,472)	8,528	8,528	-
Other Employee Benefits	11-000-291-290	108,445	-	108,445	99,864	8,581
Unused Sick Payment to Term/Ret Staff	11-000-291-299	20,000	(10,850)	9,150	9,150	-
Total Unallocated Benefits - Employee Benefit:		5,399,535	590,386	5,989,921	5,656,817	333,104
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,727,597	(1,727,597)
On-Behalf TPAF Post-Retirement Medical Contribution		-	-	-	640,907	(640,907)
On-Behalf TPAF Long Term Disability Insurance Contribution		-	-	-	2,057	(2,057)
Reimbursed TPAF Social Security Contribution		-	-	-	634,566	(634,566)
Total Nonbudgeted		-	-	-	3,005,127	(3,005,127)
Total Undistributed Expenditures		14,184,861	653,737	14,838,598	16,720,295	(1,881,697)
Interest Earned on Maintenance Reserve	10-606	150	-	150	-	150
Total Expenditures - Current Expense		22,930,880	478,411	23,409,291	25,055,614	(1,646,323)
Capital Outlay:						
Undistributed Expenditures:						
Administrative Information Technology	12-000-252-730	-	84,918	84,918	84,918	-
Required Maintenance for School Facilities	12-000-261-730	37,700	66,784	104,484	101,984	2,500
Student Transportation:						
Non-instructional Equipment	12-000-270-732	25,440	3,292	28,732	28,732	-
School Buses - Regular	12-000-270-733	204,000	465,427	669,427	236,930	432,497
School Buses - Special	12-000-270-734	90,000	39,177	129,177	129,177	-
Total Equipment		357,140	659,598	1,016,738	581,741	434,997
Facilities Acquisition & Construction Services						
Assessment for Debt Service on						
Other Purchased Professional & Technical Services	12-000-400-390	-	5,976	5,976	5,976	-
Construction Services	12-000-400-450	-	72,884	72,884	58,289	14,595
Supplies and Materials	12-000-400-600	-	-	-	-	-
Other Objects	12-000-400-800	-	849	849	849	-
SDA Funding	12-000-400-896	8,491	-	8,491	8,491	-
Total Facilities Acquisition & Construction Service:		8,491	79,709	88,200	73,605	14,595
Increase in Capital Reserve	10-604	175	-	175	-	175
Total Capital Outlay		365,806	739,307	1,105,113	655,346	449,767
Assets Acquired Under Capital Lease (Nonbudgeted) Technology Equipment		-	-	-	2,208,445	(2,208,445)
Total Assets Acquired Under Capital Lease (Nonbudgeted)		-	-	-	2,208,445	(2,208,445)
Total Expenditures		23,296,686	1,217,718	24,514,404	27,919,405	(3,405,001)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(980,433)	(1,217,718)	(2,198,151)	(2,041,197)	156,954

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ACCOUNT NUMBERS	JUNE 30, 2020				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Other Financing Sources/(Uses):					
Transfer of Funds to Charter School	(163,181)	16,318	(146,863)	(146,373)	490
Transfer of Capital Reserve to Debt Service	-	-	-	(195,660)	(195,660)
Capital Lease Proceeds				2,208,445	2,208,445
Total Other Financing Sources/(Uses)	(163,181)	16,318	(146,863)	1,866,412	2,013,275
Excess/(Deficiency) of Revenues & Other Financing Source Over/(Under) Expenditures & Other Financing Sources/(Uses)	(1,143,614)	(1,201,400)	(2,345,014)	(174,785)	2,170,229
Fund Balances, July 1	5,754,372	-	5,754,372	5,754,372	-
Fund Balances, June 30	<u>\$ 4,610,758</u>	<u>\$ (1,201,400)</u>	<u>\$ 3,409,358</u>	<u>\$ 5,579,587</u>	<u>\$ 2,170,229</u>

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 1,201,400
Transfer from Capital Reserve	-
Total	<u>\$ 1,201,400</u>

RECAPITULATION OF FUND BALANCE:

Restricted for:	
Capital Reserve	2,558,042
Maintenance Reserve	1,377,351
Emergency Reserve	-
Excess Surplus	-
Excess Surplus Designated for Subsequent Year's Expenditures	-
Assigned to:	
Year-End Encumbrances	920,255
Designated for Subsequent Year's Expenditures	164,903
Unassigned Fund Balance	559,036
Subtotal	5,579,587
Reconciliation to Governmental Fund Statements (GAAP)	
Last Two State Aid Payments Not Recognized on GAAP Basis	(920,869)
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 4,658,718</u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Federal Sources	\$ 603,879	\$ 120,181	\$ 724,060	\$ 695,922	\$ (28,138)
Local Sources	-	7,150	7,150	9,916	2,766
Total Revenues	603,879	127,331	731,210	705,838	(25,372)
Expenditures:					
Instruction:					
Salaries of Teachers	265,502	(17,469)	248,033	199,004	49,029
Other Purchased Professional Services	334,969	31,151	366,120	390,911	(24,791)
General Supplies	3,408	2,819	6,227	15,060	(8,833)
Total Instruction	603,879	16,501	620,380	604,975	15,405
Support Services:					
Salaries	-	27,521	27,521	-	27,521
Personal Services - Employee Benefits	-	60,465	60,465	47,532	12,933
Purchased Professional Services	-	-	-	23,047	(23,047)
Other Purchased Services	-	9,700	9,700	-	9,700
Supplies and Materials	-	13,144	13,144	5,692	7,452
Other Objects	-	-	-	24,592	(24,592)
Total Support Services	-	110,830	110,830	100,863	9,967
Total Expenditures	603,879	127,331	731,210	705,838	25,372
Total Outflows	603,879	127,331	731,210	705,838	25,372
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2020**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 25,878,208	\$ 705,838
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Federal Share	-	(29,134)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	914,946	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(920,869)	-
	\$ 25,872,285	\$ 676,704
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 27,919,405	\$ 705,838
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
General Supplies	-	(29,134)
	\$ 27,919,405	\$ 676,704
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST TEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.03166%	0.03166%	0.03215%	0.03279%	0.03109%	0.02077%
School District's proportionate share of the net pension liability	\$ 6,050,894	\$ 6,234,632	\$ 7,483,443	\$ 9,710,535	\$ 6,978,283	\$ 5,668,178
District's covered-employee payroll	\$ 2,676,676	\$ 2,467,739	\$ 2,159,086	\$ 2,157,151	\$ 2,206,556	\$ 2,098,354
School District's proportionate share of the net pension liability as a percentage of its covered payroll	226.06%	252.65%	346.60%	450.16%	316.25%	270.12%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015
District's Contractually required contribution	\$ 326,650	\$ 314,962	\$ 297,813	\$ 291,274	\$ 267,260	171,238
District's Contributions in relation to the contractually required contribution	(326,650)	(314,962)	(297,813)	(291,274)	(267,260)	(171,238)
District's Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,676,676	\$ 2,467,739	\$ 2,467,739	\$ 2,159,086	\$ 2,157,151	\$ 2,206,556
District's Contributions as a percentage of covered-employee payroll	12.20%	12.76%	12.07%	13.49%	12.39%	7.76%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	50,695,788	51,006,641	54,527,584	63,568,539	50,477,691	40,074,176
	<u>\$ 50,695,788</u>	<u>\$ 51,006,641</u>	<u>\$ 54,527,584</u>	<u>\$ 63,568,539</u>	<u>\$ 50,477,691</u>	<u>\$ 40,074,176</u>
District's covered-employee payroll	unavailable	unavailable	\$ 8,519,493	\$ 7,995,099	\$ 8,257,771	\$ 8,025,064
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75)

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST THREE FISCAL YEARS*

	2020	2019	2018
Total OPEB Liability Associated with the District			
Service Cost	\$ 1,788,971	\$ 1,961,824	\$ 2,373,828
Interest Cost	2,081,164	2,240,302	1,939,584
Differences Between Expected and Actual	(8,674,433)	(5,402,956)	-
Changes of Assumptions	703,423	(6,045,737)	(8,016,188)
Contributions: Member	42,929	48,689	52,274
Gross Benefit Payments	(1,448,215)	(1,408,748)	(1,419,618)
Net Change in Total OPEB Liability Associated with the District	(5,506,161)	(8,606,626)	(5,070,120)
Total OPEB Liability Associated with the District (Beginning)	52,683,862	61,290,488	66,360,608
Total OPEB Liability Associated with the District (Ending)	\$ 47,177,701	\$ 52,683,862	\$ 61,290,488
District's Covered Employee Payroll	unavailable	unavailable	unavailable
Net OPEB Liability Associated with the District as a Percentage of Payroll	unavailable	unavailable	unavailable

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complied, governments should present information for those years for which information is available.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.86% as of June 30, 2018, to 6.28% as of June 30, 2019.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018, to 5.60% as of June 30, 2019.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.58% as of June 30, 2018, to 3.50% as of June 30, 2019.

OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	TITLE I PART A	TITLE II - PART A TEACHER & PRINCIPAL TRAINING & RECRUITING	TITLE III	TITLE IV	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PART B PRESCHOOL PROGRAM	OTHER LOCAL PROGRAMS	CARES GRANT	TOTAL
Revenues:									
Federal Sources	\$ 241,326	\$ 39,348	\$ 2,084	\$ 7,577	\$ 365,451	\$ 25,460	\$ -	\$ 14,676	\$ 695,922
Local Sources	-	-	-	-	-	-	9,916	-	9,916
Total Revenues	\$ 241,326	\$ 39,348	\$ 2,084	\$ 7,577	\$ 365,451	\$ 25,460	\$ 9,916	\$ 14,676	\$ 705,838
Expenditures:									
Instruction:									
Salaries of Teachers	\$ 180,851	\$ 16,443	\$ 1,260	\$ 450	\$ -	\$ -	\$ -	\$ -	\$ 199,004
Other Purchased Services	-	-	-	-	365,451	25,460	-	-	390,911
General Supplies	14,236	-	824	-	-	-	-	-	15,060
Total Instruction	195,087	16,443	2,084	450	365,451	25,460	-	-	604,975
Support Services:									
Salaries	-	-	-	-	-	-	-	-	-
Employee Benefits	46,239	1,258	-	35	-	-	-	-	47,532
Purchased Professional Services	-	21,647	-	1,400	-	-	-	-	23,047
Other Purchased Services	-	-	-	-	-	-	-	-	-
Supplies & Materials	-	-	-	5,692	-	-	-	-	5,692
Other Objects	-	-	-	-	-	-	9,916	14,676	24,592
Total Support Services	46,239	22,905	-	7,127	-	-	9,916	14,676	100,863
Total Expenditures	\$ 241,326	\$ 39,348	\$ 2,084	\$ 7,577	\$ 365,451	\$ 25,460	\$ 9,916	\$ 14,676	\$ 705,838

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F. Capital Projects Fund

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

PROJECT TITLE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES		TRANSFER TO DEBT SERVICE	UNEXPENDED BALANCE JUNE 30, 2020
			PRIOR YEAR	CURRENT YEAR		
Roof and HVAC Replacement at Caroline L. Reutter Elementary School	2013	\$ 2,160,720	\$ 1,929,529	\$ 15,236	\$ -	\$ 215,955
Total		<u>\$ 2,160,720</u>	<u>\$ 1,929,529</u>	<u>\$ 15,236</u>	<u>\$ -</u>	<u>\$ 215,955</u>
					Unearned SDA Aid	\$ (113,155)
					Restricted Balance	<u>\$ 102,800</u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
YEAR ENDED JUNE 30, 2020**

Revenues and Other Financing Sources:	
Transfer from Capital Reserve	\$ <u> -</u>
 Total Revenues	 \$ <u> -</u>
 Expenditures & Other Financing Uses:	
Other Financing Sources/(Uses):	
Architectural/Engineering Services	\$ <u> -</u>
Construction Services	15,236
 Total Expenditures & Other Financing Sources/(Uses)	 <u> 15,236</u>
 Excess/(Deficiency) of Revenues Over/(Under) Expenditures	 (15,236)
Fund Balance - Beginning	<u> 118,036</u>
 Fund Balance - Ending	 <u><u> \$ 102,800</u></u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ROOF AND HVAC REPAIR AT CAROLINE L. REUTER ELEMENTARY SCHOOL
YEAR ENDED JUNE 30, 2020**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Transfer from Capital Reserve	\$ 1,136,930	\$ -	\$ 1,136,930	\$ 1,136,930
State Sources - SDA Grant	1,023,790	-	1,023,790	1,023,790
Total Revenues	2,160,720	-	2,160,720	2,160,720
Expenditures & Other Financing Uses:				
Architectural/Engineering Services	144,048	-	144,048	144,048
Other Professional and Technical Services	38,000	-	38,000	38,000
Construction Services	1,747,481	15,236	1,762,717	1,978,672
Total Expenditures	1,929,529	15,236	1,944,765	2,160,720
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 231,191	\$ (15,236)	\$ 215,955	\$ -

ADDITIONAL PROJECT INFORMATION

DOE Project Number	1590-070-13-1001
SDA Project Number	1590-070-13-GIPC
Grant #	G5-5138
Grant Date	N/A
Original Authorized Cost	\$ 2,160,720
Additional Authorized Cost	
Revised Authorized Cost	\$ 2,160,720
Percentage Decrease Over Original Authorized Cost	N/A
Percentage Complete	100%
Original Target Completion Date	N/A
Revised Target Completion Date	9/6/2014

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G. Proprietary Funds

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Enterprise Funds

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Internal Service Fund

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H. Fiduciary Fund

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

ASSETS	UNEMPLOYMENT COMPENSATION TRUST	AGENCY		TOTAL
		PAYROLL FUND	STUDENT ACTIVITIES	
Cash & Cash Equivalents	\$ 347,399	\$ 92,044	\$ 17,298	\$ 456,741
Interfund Receivable	-	-	-	-
Total Assets	347,399	92,044	17,298	456,741
LIABILITIES				
Payroll Deductions & Withholdings	-	91,904	-	91,904
Due to Student Groups	-	-	17,298	17,298
Accounts Payable	19,569	-	-	19,569
Interfund Accounts Payable	-	140	-	140
Total Liabilities	19,569	92,044	17,298	128,911
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	327,830	-	-	327,830
Total Net Position	\$ 327,830	\$ -	\$ -	\$ 327,830

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2020**

ADDITIONS:	UNEMPLOYMENT COMPENSATION TRUST	TOTAL
Contributions:		
Plan Member	\$ 24,579	\$ 24,579
Total Contributions	<u>24,579</u>	<u>24,579</u>
Investment Earnings:		
Interest	<u>1,602</u>	<u>1,602</u>
Total Additions	<u>26,181</u>	<u>26,181</u>
 DEDUCTIONS:		
Unemployment Claims	<u>40,878</u>	<u>40,878</u>
Total Deductions	<u>40,878</u>	<u>40,878</u>
Change in Net Position	(14,697)	(14,697)
Net Position - Beginning	<u>342,527</u>	<u>342,527</u>
Net Position - End	<u>\$ 327,830</u>	<u>\$ 327,830</u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

ASSETS	BALANCE JULY 1, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2020
Student Activity General	\$ 13,905	\$ 4,871	\$ 4,490	\$ 14,286
Main Road Fundraising	2,372	-	-	2,372
Caroline L. Reutter Fundraising	640	-	-	640
Total Assets	\$ 16,917	\$ 4,871	\$ 4,490	\$ 17,298

**SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS & LIABILITIES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

ASSETS	BALANCE JULY 1, 2019	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2020
Cash & Cash Equivalents	\$ 90,967	\$ 13,657,508	\$ 13,656,431	\$ 92,044
Total Assets	\$ 90,967	\$ 13,657,508	\$ 13,656,431	\$ 92,044
LIABILITIES				
Net Payroll	\$ -	\$ 7,617,340	\$ 7,617,340	\$ -
Payroll Deductions & Withholdings	83,321	6,009,668	6,006,496	86,493
Flexible Spending	7,533	30,360	32,482	5,411
Interfund Payable - General Fund	113	140	113	140
Total Liabilities	\$ 90,967	\$ 13,657,508	\$ 13,656,431	\$ 92,044

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I. Long-Term Debt

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2020**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY DATE	ANNUAL MATURITY AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2019	ISSUED	RETIRED	BALANCE JUNE 30, 2020
Renovations to Mary F. Janvier and Main Road Schools	06/30/2013	\$ 2,332,000	June 15, 2021	\$ 155,000	3.000%	\$ 1,522,000	\$ -	\$ 150,000	\$ 1,372,000
			2022	155,000	3.000%				
			2023	165,000	3.000%				
			2024	170,000	3.000%				
			2025	175,000	3.000%				
			2026	180,000	3.000%				
			2027	185,000	3.000%				
			2028	187,000	3.000%				
Total						\$ 1,522,000	\$ -	\$ 150,000	\$ 1,372,000

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2020**

SERIES	DATE OF TERM OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE PRINCIPAL	INTEREST	INTEREST RATE PAYABLE	AMOUNT OUTSTANDING JUNE 30, 2019	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2020
School Buses and Truck	1/6/2017	38 months	228,000	9,732	2.588%	\$ 57,933	\$ -	\$ 57,933	\$ -
Dell Computer Equipment			146,884	13,954	9.500%	60,020	-	29,313	30,707
Dell Computer Equipment			40,050	3,077	7.683%	10,252	-	10,252	-
Dell Computer Equipment	9/1/2017	50 months	47,119	3,581	7.600%	23,530	-	11,472	12,058
Dell Computer Equipment	9/1/2017	50 months	39,690	3,790	9.549%	23,779	-	7,559	16,220
Dell Computer Equipment	9/1/2017	26 months	91,920	5,202	5.659%	30,608	-	30,608	-
Dell Chromebooks	7/30/2018	48 months	93,684	7,053	7.523%	68,500	-	21,715	46,785
ESIP Equipment	8/28/2019	21 years	2,208,445	808,636	2.850%	-	2,208,445	-	2,208,445
Total						\$ 274,622	\$ 2,208,445	\$ 168,852	\$ 2,314,215

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	JUNE 30, 2020				POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Transfer from Other Funds	\$ 195,660	\$ -	\$ 195,660	\$ 195,660	\$ -
Total Revenues	195,660	-	195,660	195,660	-
Expenditures:					
Regular Debt Service:					
Interest	45,660	-	45,660	45,660	-
Principal	150,000	-	150,000	150,000	-
Total Expenditures	195,660	-	195,660	195,660	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

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STATISTICAL SECTION (Unaudited)

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
FISCAL YEAR ENDING JUNE 30,										
Governmental Activities:										
Net Investment in,										
Capital Assets	\$ 13,113,371	\$ 13,094,477	\$ 11,577,620	\$ 12,019,368	\$ 11,049,427	\$ 11,284,912	\$ 9,241,130	\$ 7,139,137	\$ 8,338,463	\$ 8,339,304
Restricted	4,038,193	4,053,201	5,249,395	5,012,982	5,568,195	4,132,549	4,857,287	5,317,080	3,355,614	2,458,214
Unrestricted	(8,224,064)	(6,247,553)	(7,262,246)	(7,139,012)	(5,786,361)	(5,685,803)	(833,358)	(54,578)	(260,941)	(273,744)
Total Governmental Activities	\$ 8,927,500	\$ 10,900,125	\$ 9,564,769	\$ 9,893,338	\$ 10,831,261	\$ 9,731,658	\$ 13,265,059	\$ 12,401,640	\$ 11,433,136	\$ 10,523,774
Business-Type Activities:										
Net Investment in,										
Capital Assets	\$ 63,487	\$ 56,099	\$ 61,060	\$ 72,209	\$ 74,341	\$ 76,473	\$ 78,604	\$ 87,202	\$ 67,703	\$ 70,670
Restricted					\$ 47,765					
Unrestricted	13,375	61,310	42,897	46,860	20,539	59,081	46,686	47,055	67,636	71,162
Total Business-Type Activities	\$ 76,862	\$ 117,409	\$ 103,957	\$ 119,069	\$ 142,645	\$ 135,554	\$ 125,290	\$ 134,257	\$ 135,338	\$ 141,832
District-Wide:										
Net Investment in,										
Capital Assets	\$ 13,176,858	\$ 13,150,576	\$ 11,638,680	\$ 12,091,577	\$ 11,123,768	\$ 11,361,384	\$ 9,319,735	\$ 7,226,339	\$ 8,406,166	\$ 8,409,974
Restricted	4,038,193	4,053,201	5,249,395	5,012,982	5,615,960	4,132,549	4,857,287	5,317,080	3,355,614	2,458,214
Unrestricted	(8,210,689)	(6,186,243)	(7,219,349)	(7,092,152)	(5,765,822)	(5,626,721)	(786,672)	(7,523)	(193,305)	(202,582)
Total District Net Position	\$ 9,004,362	\$ 11,017,534	\$ 9,668,726	\$ 10,012,407	\$ 10,973,906	\$ 9,867,212	\$ 13,390,349	\$ 12,535,897	\$ 11,568,475	\$ 10,665,606

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 5,469,140	\$ 4,850,547	\$ 5,127,719	\$ 6,175,631	\$ 5,912,651	\$ 5,770,417	\$ 5,810,317	\$ 5,647,723	\$ 5,520,612	\$ 5,529,636
Special Education	2,517,689	2,474,773	2,457,575	1,802,721	1,749,563	1,689,218	1,693,166	1,689,804	1,608,406	1,526,677
Other Instruction	842,546	766,742	711,574	556,828	551,683	530,690	478,559	499,561	483,330	409,140
Support Services:										
Tuition	625,987	669,247	472,191	818,315	799,558	857,860	738,090	614,211	308,267	348,051
Student & Instruction Related Services	1,842,354	1,731,481	1,660,088	2,130,337	2,050,685	1,865,384	1,792,082	1,770,495	1,476,636	1,274,938
Health Services	269,325	254,552	254,064	-	-	-	-	-	-	-
Educational Media Services/School Library	124,835	119,650	112,699	458,297	467,257	553,920	545,270	570,958	555,178	529,933
School Administrative Services	499,515	496,192	534,324	458,297	467,257	553,920	545,270	570,958	555,178	529,933
General Administrative	515,679	538,110	661,700	456,145	419,760	400,201	432,225	471,368	493,397	425,713
Central Services & Information Technology	368,753	328,611	383,550	421,982	405,476	414,070	418,788	408,326	381,775	379,906
Administrative Information Technology	110,700	110,550	110,700	2,527,001	1,859,222	1,773,798	1,757,088	1,807,721	1,627,003	1,580,662
Plant Operations & Maintenance	1,946,350	1,856,450	2,006,657	1,881,306	1,597,964	1,866,533	1,571,798	1,505,658	1,577,967	1,432,385
Pupil Transportation	1,768,649	2,138,244	1,982,516	1,881,306	1,597,964	1,866,533	1,571,798	1,505,658	1,577,967	1,432,385
Employee Benefits	10,438,470	10,070,593	12,562,475	11,373,075	8,951,485	7,774,883	5,378,858	5,374,070	4,750,608	4,346,158
Debt Issue Costs	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	58,196	54,731	58,883	62,438	532,233	528,060	69,899	10,753	16,666	26,593
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation & Amortization	953,558	852,715	589,348	513,610	343,671	343,671	343,671	345,219	393,750	549,675
Total Governmental Activities Expenses	\$28,498,119	\$27,313,188	29,686,063	29,177,686	25,297,537	24,025,034	21,029,811	20,757,921	19,197,160	18,363,032
Business-Type Activities:										
Food Service	505,826	613,013	618,895	672,644	646,136	612,326	624,263	628,716	609,962	585,957
Total Business-Type Activities Expense	505,826	613,013	618,895	672,644	646,136	612,326	624,263	628,716	609,962	585,957
Total District Expenses	\$ 29,003,945	\$ 27,926,201	\$ 30,304,958	\$ 29,850,330	\$ 25,943,673	\$ 24,637,360	\$ 21,654,074	\$ 21,386,637	\$ 19,807,122	\$ 18,948,989

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
FISCAL YEAR ENDING JUNE 30.										
Program Revenues:										
Governmental Activities:										
Charges for Services & Operating Grants				2,086,169	2,085,058	1,962,703	2,192,873	2,331,520	2,099,489	1,869,637
Operating Grants & Contributions	\$ 604,975	\$ 618,251	\$ 597,367							
Instruction (Special Education)										
Support Services:										
Student & Instruction & Related Services	71,729	96,022	55,532							
Total Governmental Activities Program Revenues	5,174,891	6,382,565	6,321,191	2,086,169	2,085,058	1,962,703	2,192,873	2,331,520	2,099,489	1,869,637
Business-Type Activities:										
Charges for Services:										
Food Service	164,081	257,122	254,464	259,647	259,013	255,049	272,089	301,985	323,401	342,208
Operating Grants & Contributions	301,198	369,343	349,319	389,422	394,214	367,541	343,207	325,649	280,068	266,920
Total Business Type Activities Program Revenues	465,279	626,465	603,783	649,069	653,227	622,590	615,296	627,634	603,469	609,128
Total District Program Revenues	\$ 5,640,170	\$ 7,009,030	\$ 6,924,974	\$ 2,735,238	\$ 2,738,285	\$ 2,585,293	\$ 2,808,169	\$ 2,959,154	\$ 2,702,958	\$ 2,478,765
Net/(Expense)/Revenue:										
Governmental Activities	\$ (23,323,228)	\$ (20,930,623)	\$ (23,364,872)	\$ (27,091,517)	\$ (23,212,479)	\$ (22,062,331)	\$ (18,836,938)	\$ (18,426,401)	\$ (17,097,671)	\$ (16,493,395)
Business-Type Activities	(40,547)	13,452	(15,112)	(23,575)	7,091	10,264	(8,967)	(1,082)	(6,493)	23,171
Total District-Wide Net Expense	\$ (23,363,775)	\$ (20,917,171)	\$ (23,379,984)	\$ (27,115,092)	\$ (23,205,388)	\$ (22,052,067)	\$ (18,845,905)	\$ (18,427,483)	\$ (17,104,164)	\$ (16,470,224)

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 11,287,790	\$ 11,158,605	\$ 10,774,405	\$ 10,558,143	\$ 10,315,788	\$ 9,810,740	\$ 9,514,704	\$ 9,070,950	\$ 8,485,429	\$ 8,487,994
Taxes Levied for Debt Service	-	-	-	189,060	186,339	172,729	205,790	204,880	200,049	202,024
Unrestricted Grants & Contributions	9,494,644	9,377,023	9,000,574	13,719,661	12,031,057	11,907,689	8,796,742	8,586,155	8,595,288	8,202,894
Restricted Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Tuition Received	1,494,986	1,471,844	1,368,146	1,499,028	1,551,931	1,339,719	987,682	1,147,796	255,880	227,302
Transportation Fees	-	-	-	77,858	124,791	109,817	169,210	262,828	165,207	189,075
Investment Earnings	-	6,069	45	27,832	27,157	20,235	26,715	23,950	20,501	17,558
Miscellaneous Income	581,247	332,760	66,737	82,011	75,021	103,612	16,898	110,478	60,855	64,844
Transfer to Charter School	-	-	-	-	-	-	(13,206)	(12,133)	(16,895)	(8,376)
Other	(1,508,064)	(80,322)	(34,709)	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	21,350,603	22,265,979	21,175,198	26,153,593	24,312,084	23,464,541	19,704,535	19,394,904	17,766,314	17,383,315
Total District-Wide	\$ 21,350,603	\$ 22,265,979	\$ 21,175,198	\$ 26,153,593	\$ 24,312,084	\$ 23,464,541	\$ 19,704,535	\$ 19,394,904	\$ 17,766,314	\$ 17,383,315
Change in Net Position:										
Governmental Activities	\$ (1,972,625)	\$ 1,335,356	\$ (2,189,674)	\$ (937,924)	\$ 1,099,605	\$ 1,402,210	\$ 867,597	\$ 968,503	\$ 668,643	\$ 889,920
Business-Type Activities	(40,547)	13,452	(15,112)	(23,575)	7,091	10,264	(8,967)	(1,082)	(6,493)	23,171
Total District	\$ (2,013,172)	\$ 1,348,808	\$ (2,204,786)	\$ (961,499)	\$ 1,106,696	\$ 1,412,474	\$ 858,630	\$ 967,421	\$ 662,150	\$ 913,091

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted:										
Capital Reserve	\$ 2,558,042	1,752,417	1,286,301	2,379,851	2,847,261	1,730,000	1,699,169	2,500,760	3,691,304	2,908,362
Maintenance Reserve	1,377,351	1,117,800	617,800	1,078,306	1,078,306	1,078,306	1,438,293	-	-	-
Excess Surplus	-	-	1,064,948	163,403	251,207	87,804	-	-	-	-
Excess Surplus Designated for Subsequent Year	-	1,064,948	-	-	-	-	-	-	-	-
Emergency Reserve	-	-	-	250,000	250,000	-	-	-	-	-
Committed to Year-End Encumbrances	920,255	1,201,400	22,521	70,141	223,250	94,697	527,777	-	-	-
Assigned to Subsequent Year's Expenditures	164,903	78,666	23,619	26,509	31,150	-	62,878	-	-	-
Unrestricted	(361,833)	(375,805)	(330,549)	(362,376)	(338,696)	(400,326)	7,147,656	(358,367)	(443,398)	(278,931)
Total General Fund	\$ 4,658,718	\$ 4,839,426	\$ 2,684,640	\$ 3,605,835	\$ 4,342,478	\$ 2,590,481	\$ 10,875,773	\$ 2,142,393	\$ 3,247,906	\$ 2,629,432
All Other Governmental Funds:										
Restricted	\$ 102,800	\$ 118,036	\$ 2,280,346.00							
Unrestricted, Reported in:										
Capital Projects Fund	-	-	-	1,141,421	1,141,421	1,141,421	1,104,292	3,331,276	-	-
Debt Service Fund	-	-	-	-	-	321	(16,209)	1	1	0
Total All Other Governmental Funds	\$ 102,800	\$ 118,036	\$ 2,280,346	\$ 1,141,421	\$ 1,141,421	\$ 1,141,742	\$ 1,088,083	\$ 3,331,277	\$ 1	\$ 0

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Taxes Local	\$ 11,287,790	\$ 11,158,605	\$ 10,774,405	\$ 10,747,203	\$ 10,502,127	\$ 9,983,469	\$ 9,720,494	\$ 9,275,830	\$ 8,685,478	\$ 8,690,018
Tuition Charges	1,494,986	1,471,844	1,368,146	1,499,028	1,551,931	1,339,719	987,682	1,147,796	255,880	227,302
Rent										
Transportation	178,593	104,175	124,077							
Interest Earnings	2,071	6,069	45	27,832	27,157	20,235	26,715	23,950	20,501	17,558
Miscellaneous	409,074	228,585	200,350	159,869	199,812	213,429	186,108	373,307	226,062	253,919
State Sources	12,495,567	12,368,415	11,578,617	11,207,038	10,910,139	11,461,483	10,224,780	10,170,267	9,574,460	9,319,114
Federal Sources	680,908	727,623	669,666	732,165	770,837	684,318	764,835	747,407	1,120,318	753,418
Total Revenue	26,548,989	26,065,316	24,715,306	24,373,135	23,962,002	23,702,653	21,910,614	21,738,557	19,882,698	19,261,329
Expenditures:										
Instruction:										
Regular Instruction	5,580,059	5,013,984	5,279,673	5,966,732	5,804,959	5,768,815	5,807,375	5,654,424	5,533,589	5,624,876
Special Education Instruction	2,517,689	2,474,773	2,457,575	1,792,945	1,739,787	1,680,694	1,688,027	1,688,482	1,608,406	1,526,677
Other Instruction	842,546	766,742	711,574	556,828	551,683	530,690	478,559	499,561	483,330	409,140
Undistributed:										
Tuition	625,987	669,247	472,191	818,315	799,558	857,860	738,090	614,211	308,267	348,051
Health Services	269,325	254,552	254,064							
Student & Instr. Related Services	1,842,354	1,731,481	1,651,738	2,122,230	2,042,578	1,857,277	1,783,975	1,763,739	1,476,636	1,274,938
Educational Media Services	124,835	119,650	112,699							
Instructional Staff Training	38,942	42,187	50,861							
General Administration	476,737	495,923	602,618	455,525	419,140	399,581	431,605	470,748	492,777	425,713
School Administration	499,515	496,192	472,876	457,615	466,575	553,237	544,948	570,757	554,977	529,933
Central Administration	368,753	328,611	383,550	421,982	405,476	414,070	418,789	408,326	381,775	379,906

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

Expenditures (continued):	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Administration Information Technology	110,700	110,550	110,700							
Allowable Maintenance for School Facilities	1,946,350	1,856,450	1,979,544	2,445,927	1,778,149	1,694,564	1,698,386	1,761,754	1,592,721	1,580,662
Operation & Maintenance of Plant Services	1,826,582	2,194,716	1,856,479	1,808,948	1,525,606	1,794,577	1,482,797	1,374,215	1,440,365	1,432,385
Student Transportation										
Business & Other Supp. Services	5,656,817	4,223,204	4,460,760	6,704,269	6,198,146	5,946,425	5,346,390	5,321,655	4,795,152	4,288,108
Unallocated Benefits										
On Behalf TPAF Pension and Social Security Contributions	3,005,127	3,004,742	2,594,810	1,538,855	292,010	2,553,416	2,493,163	1,499,909	379,284	361,585
Capital Outlay	2,870,536	2,178,669	589,174							
Special Schools										
Debt Service Expenditures:										
Principal	150,000	145,000	140,000	135,000	130,000	130,000	130,000	197,000	185,000	180,000
Interest	54,151	54,851	59,000	54,060	56,660	59,260	58,939	7,880	15,049	22,024
Total Expenditures	28,807,005	26,166,524	24,183,809	25,136,478	22,572,741	24,407,998	23,271,899	22,053,781	20,077,819	18,704,521
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,258,016)	(101,208)	475,420	(906,095)	1,751,676	(537,812)	(1,190,430)	(94,104)	635,370	877,331
Other Financing Sources/(Uses):										
Sale of Bonds	-	-	-	169,452					2,332,000	
Capital Leases (Non-Budgeted)	2,208,445	93,684	-							
Cancellation of Prior Year AP	(146,373)	-	(257,690)							
Transfers Out	(195,660)	(377,413)	(1,696,790)				(13,206)	(12,133)	(16,895)	(8,376)
Transfers In	195,660	377,413	1,696,790							
Total Other Financing Sources/(Uses)	2,062,072	93,684	(257,690)	169,452	-	-	(13,206)	2,319,867	(16,895)	(8,376)
Net Change in Fund Balances	(\$195,944)	(\$7,524)	\$217,730	(\$736,643)	\$1,751,676	(\$537,812)	(\$1,203,636)	\$2,225,763	\$618,475	\$868,955
Debt Service as a Percentage of Noncapital Expenditures	0.79%	0.83%	0.84%	0.80%	0.90%	0.90%	0.90%	1.00%	1.10%	1.10%

Source: District Records

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

FISCAL YEAR	INTEREST ON INVESTMENTS	TUITION REVENUE	RENTALS	TRANSP. FEES	MEDICARE SEMI & EPSDT	REFUND OF PRIOR YEAR EXPENDITURE	INSURANCE DIVIDENDS/ADJUSTMENT	MISCELLANEOUS	TOTAL
2020	\$ 18,976	\$ 1,494,986	\$ -	\$ 178,593	\$ -	\$ 3,969	\$ -	376,213	\$ 2,072,737
2019	24,065	1,471,844	-	104,175	-	3,969	-	193,493	1,797,546
2018	29,303	1,368,146	-	124,077	-	34,170	20,252	24,277	1,600,225
2017	27,832	1,499,028	-	77,858	-	-	-	82,011	1,686,729
2016	27,157	1,551,931	-	124,791	47,213	-	-	75,021	1,826,113
2015	20,235	1,339,719	-	109,817	10,525	-	-	103,612	1,583,908
2014	26,715	987,682	3,876	169,210	10,105	11,200	4,512	1,185	1,214,485
2013	23,950	1,189,811	3,876	262,828	21,020	11,988	29,147	2,432	1,545,052
2012	20,501	260,016	743	165,207	19,692	36,629	16,905	243	519,936
2011	17,558	227,302	-	189,075	8,134	4,279	-	18,396	464,744

Source: District records

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2020	31,787,800	1,045,890,200	50,955,200	5,625,000	92,253,500		1,927,000	1,228,438,700	2,159,754	1,230,598,454	1.836	1,363,159,865
2019	32,143,500	1,048,027,300	49,508,200	5,625,200	92,593,900		1,927,000	1,229,825,100	2,161,153	1,231,986,253	1.822	1,318,465,490
2018	32,122,000	1,047,529,000	49,158,100	6,166,900	92,504,200		2,127,000	1,229,607,200	2,145,537	1,231,752,737	1.896	1,304,220,449
2017	33,979,400	1,047,692,500	48,604,500	6,071,800	95,784,400		2,127,000	1,234,259,600	2,819,379	1,237,078,979	1.849	1,301,138,098
2016	34,255,500	1,045,898,900	48,197,300	5,995,600	93,081,000		2,127,000	1,229,555,300	2,907,975	1,232,463,275	1.834	1,296,691,472
2015	34,235,200	1,043,381,600	49,129,500	6,105,900	93,789,600		3,103,600	1,229,745,400	2,956,780	1,232,702,180	1.771	1,272,532,446
2014	36,089,600	1,041,281,400	47,646,600	6,035,100	96,487,300		3,605,700	1,231,145,700	3,008,212	1,234,153,912	1.706	1,274,031,085
2013	37,838,500	1,042,344,800	48,887,100	5,843,700	103,327,000		4,149,800	1,242,390,900	3,746,835	1,246,137,735	1.632	1,314,214,021
2012	23,785,000	676,688,100	33,177,400	5,877,300	62,760,500		1,969,800	804,258,100	2,447,866	806,705,966	2.391	1,383,180,084
2011	23,414,600	676,493,100	32,851,900	5,907,600	62,685,000		1,969,800	803,322,000	2,405,012	805,727,012	0.000	1,460,207,338

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE				OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICES	TOTAL DIRECT SCHOOL TAX RATE	REGIONAL SCHOOL DISTRICT	FRANKLIN TOWNSHIP	GLoucester COUNTY	FRANKLIN TOWNSHIP OPEN SPACE		
2020	0.903	0.015	0.918	1.019	0.678	0.755	0.010	3.380	
2019	0.896	0.015	0.911	1.019	0.659	0.735	0.010	3.334	
2018	0.876	0.015	0.891	1.005	0.661	0.722	0.010	3.289	
2017	0.855	0.015	0.870	0.979	0.661	0.706	0.010	3.226	
2016	0.848	0.015	0.863	0.971	0.661	0.706	0.010	3.211	
2015	0.817	0.014	0.831	0.940	0.612	0.688	0.010	3.081	
2014	0.782	0.017	0.799	0.907	0.611	0.635	0.010	2.962	
2013	0.746	0.017	0.763	0.869	0.607	0.638	0.010	2.887	
2012	1.088	0.026	1.114	1.277	0.893	0.944	0.010	4.238	
2011	1.057	0.025	1.082	1.256	0.903	0.980	0.009	4.230	

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2020		2011	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUATION	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUATION
RT Enterprises, LLC	\$ 7,090,800	0.58%	\$ 3,999,800	0.50%
R Leo & Son, LLC	3,586,300	0.29%	2,277,700	0.28%
State of NJ, Dep C/O White Oak CC			1,195,900	0.15%
Verizon New Jersey	2,159,754	0.18%		
Wawa Inc.	2,770,800	0.23%	1,498,800	0.19%
PDM, LLC: CVS	2,500,000	0.20%	1,086,500	0.14%
New Greenways	2,158,300	0.18%		
Graiff Brothers Properties	2,041,500	0.17%		
Rosemar Properties, V, LLC	1,600,000	0.13%		
In Demand Rentals LLC	1,542,900	0.24%		
AJ Seerat LLC	1,550,000	0.13%		
Visconti Borthers Properties, LLC			1,119,600	0.14%
Sharon Reed Community Dev. Corp			1,438,200	0.18%
Blackwood Town Industries, Inc.			1,143,300	0.14%
Taxpayer #1			1,278,900	0.16%
Taxpayer #2			1,130,400	0.14%
Total	\$ 28,384,353	2.31%	\$ 16,169,100	2.02%

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

YEAR ENDED DECEMBER 31	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITH THE FISCAL YEAR		COLLECTIONS IN SUBSEQUENT YEAR
		AMOUNT	PERCENT OF LEVY	
2020	\$11,287,790	11,287,790	100.00%	-
2019	11,158,605	11,158,605	100.00%	-
2018	10,774,405	10,774,405	100.00%	-
2017	10,558,143	10,558,143	100.00%	-
2016	10,502,127	10,502,127	100.00%	-
2015	9,983,469	9,983,469	100.00%	-
2014	9,720,494	9,720,494	100.00%	-
2013	9,275,830	9,275,830	100.00%	-
2012	8,685,478	8,685,478	100.00%	-
2011	8,690,018	8,690,018	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F Form).

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES				BOND ANTICIPATION NOTES (BANs)	BUSINESS- TYPE ACTIVITIES	TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME
	GENERAL OBLIGATION BONDS	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES	CAPITAL LEASES				
2020	\$ 1,372,000	\$ -	\$ 2,314,215	\$ -	\$ -	3,686,215	N/A	
2019	1,522,000	-	274,622	-	-	1,796,622	N/A	
2018	1,667,000	-	400,847	-	-	2,067,847	0.23%	
2017	1,807,000	-	-	-	-	1,807,000	0.22%	
2016	1,942,000	-	-	-	-	1,942,000	0.25%	
2015	2,072,000	-	-	-	-	2,072,000	0.26%	
2014	2,202,000	-	-	-	-	2,202,000	0.28%	
2013	2,332,000	-	-	-	-	2,332,000	0.31%	
2012	197,000	15,796	-	-	-	212,796	0.03%	
2011	382,000	31,061	-	-	-	413,061	0.06%	

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2020	\$1,372,000		1,372,000	0.11%	N/A
2019	1,522,000		1,522,000	0.12%	93
2018	1,667,000		1,667,000	0.14%	102
2017	1,807,000		1,807,000	0.14%	110
2016	1,942,000		1,942,000	0.15%	117
2015	2,072,000		2,072,000	0.16%	124
2014	2,072,000		2,072,000	0.16%	124
2013	2,332,000		2,332,000	0.17%	140
2012	2,332,000		2,332,000	0.15%	132
2011	197,000		197,000	0.01%	11

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Franklin Township	\$9,444,483	100.00%	\$9,444,483
Other Debt			
Gloucester County General Obligation Debt	227,739,500	4.65%	10,589,887
Delsea Regional School District	7,252,251	78.05%	<u>5,660,382</u>
Total Direct & Overlapping Debt			<u><u>\$25,694,752</u></u>

Sources: Franklin Township Finance Officer and Gloucester County Finance Office

Debt outstanding data provided by each governmental unit.

NOTE - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the above Townships. This process recognizes that, when considering the District's ability to issue and repay Long-Term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$45,355,048	\$45,355,048	\$45,355,048	32,309,015	32,195,224	32,344,421	33,061,801	34,539,826	36,014,663	37,060,981
Total Net Debt Applicable to Limit	1,372,000	1,522,000	1,667,000	1,807,000	1,942,000	2,072,000	2,202,000	2,332,000	197,000	382,000
Legal Debt Margin	\$43,983,048	\$43,833,048	\$43,688,048	\$30,502,015	\$30,253,224	\$30,272,421	\$30,859,801	\$32,207,826	\$35,817,663	\$36,678,981

Total Net Debt Applicable to the Limit
as a Percentage of Debt Limit

3.03%	3.36%	3.68%	5.59%	6.03%	6.41%	6.66%	6.75%	0.55%	1.03%
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Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized Valuation Basis	
	2019	Total
Average Equalized Valuation of Taxable Property	1,330,259,708	
Debt Limit (3.5 % of Average Equalization Value)	1,318,330,867	
Net Bonded School Debt	1,304,438,385	
Legal Debt Margin	\$3,953,028,960	
	\$1,317,676,320	
	\$46,118,671	
	1,372,000	
	\$44,746,671	

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2020	N/A	N/A	N/A	N/A
2019	16,300	N/A	N/A	4.7%
2018	16,389	897,215,805	54,745	5.4%
2017	16,426	861,625,830	52,455	5.6%
2016	14,572	739,485,284	50,747	6.7%
2015	16,570	822,949,050	49,665	8.0%
2014	16,590	786,233,280	47,392	9.4%
2013	* 16,605	762,169,500	45,900	11.3%
2012	16,660	748,700,400	44,940	12.5%
2011	16,724	732,360,684	43,791	12.5%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

* 2010 Census

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

EMPLOYER	2020		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT
Amazon	4,500	1	3.06%
Rowan University	3,500	2	2.38%
Inspira Health	2,051	3	1.39%
Jefferson Health	2,015	4	1.37%
Washington Township School District	1,550	5	1.05%
Shop Rite	1,300	6	0.88%
County of Gloucester	1,200	7	0.82%
U.S. Foodservices	1,014	8	0.69%
Monroe Township School District	811	9	0.55%
Walmart - Turnersville	800	10	0.54%
	18,741		12.73%

EMPLOYER	2011		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT
Inspira Health	1,860	1	
County of Gloucester	1,600	2	
Washington Township School District	1,594	3	
Rowan University	1,300	4	
Kennedy Hospital	1,200	5	
DirectGroup	850	6	
U.S. FoodService	800	7	
Monroe Township School District	775	8	
Missa Bay, LLC	750	9	
US Postal Service	700	10	
	11,429		

Source: Information provided by the Gloucester County Office of Economic Development and Employer Directly.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction:										
Regular	79.0	71.0	79.0	105.0	100.0	74.0	74.0	74.0	75.0	73.0
Special Education	61.5	59.0	56.0	28.0	29.0	50.0	49.0	49.0	45.0	39.0
Other Instruction										2.0
Support Services:										
Student & Instruction Related Services	29.0	33.0	28.0	35.4	24.0	26.0	24.0	24.0	16.0	21.0
General Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School Administration	7.0	7.0	7.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0
Central Services	4.0	4.0	5.0	5.0	4.0	4.0	5.0	5.0	4.0	4.0
Plants Operations & Maintenance	19.5	20.5	21.0	25.0	19.0	23.0	23.0	21.0	18.0	17.0
Pupil Transportation	30.0	29.0	33.0	36.4	34.0	36.0	33.0	35.0	38.0	41.0
Total	233.0	226.5	232.0	246.8	221.0	224.0	219.0	219.0	207.0	208.0

Source: District Personnel Records

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
					TEACHER RATIO	STAFF RATIO				
2020	1,414	\$ 25,055,614	17,720	6.67%	141	10.1	1,415.6	1,370.7	0.70%	96.83%
2019	1,387	23,073,731	16,636	2.27%	130	10.7	1,401.1	1,335.2	-3.20%	95.30%
2018	1,402	22,798,813	16,262	-1.29%	135	10.4	1,405.7	1,336.1	-0.89%	95.05%
2017	1,431	23,551,316	16,458	7.50%	133	11	1,447.4	1,375.7	2.08%	95.05%
2016	1,426	21,731,656	15,240	4.00%	129	11	1,418.3	1,353.4	-1.52%	95.42%
2015	1,404	21,497,789	15,312	7.30%	124	11	1,399.2	1,330.8	1.03%	95.11%
2014	1,393	20,418,941	14,658	2.70%	123	11	1,384.9	1,319.9	-1.51%	95.31%
2013	1,410	20,127,872	14,275	5.60%	123	12	1,406.1	1,337.7	1.29%	95.14%
2012	1,381	18,667,995	13,518	8.50%	120	12	1,388.2	1,323.8	-2.53%	95.36%
2011	1,431	17,820,389	12,453	-4.20%	104	14	1,424.2	1,355.7	0.15%	95.19%

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Elementary										
Caroline L. Reutter (1952):										
Square Feet	56,905	56,905	56,905	56,905	56,905	56,905	56,905	56,905	56,905	56,905
Capacity (Students)	481	481	481	481	481	481	481	481	481	428
Enrollment	430	418	415	361	361	361	373	437	481	466
Main Road (1968):										
Square Feet	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400
Capacity (Students)	516	516	516	516	516	516	516	516	516	516
Enrollment	376	406	418	426	426	426	445	392	365	402
Mary F. Janvier (1989):										
Square Feet	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500
Capacity (Students)	784	784	784	784	784	784	784	784	784	784
Enrollment	611	613	569	617	617	617	575	581	535	528
Lake School (1938):										
Square Feet	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710
Capacity (Students)	54	54	54	54	54	54	54	54	54	54
Enrollment										35
Administration Building:										
Square Feet	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911
Transportation/Maintenance Building:										
Square Feet	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133
Storage/Grounds Building:										
Square Feet	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885

Number of Schools at June 30, 2019:

Elementary =

Middle School =

Other = 0

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE
 LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	TOTAL
GROSS SQUARE FOOTAGE											
* FOOTAGE											
Caroline L. Reutter School	\$125,041.66	\$ 101,541.10	\$ 148,533.40	\$ 53,532.00	\$ 72,057.64	\$ 46,735.91	\$ 81,708.06	\$130,411.65	\$ 89,859.49	\$ 82,608.08	\$ 932,028.98
Main Road School	130,524.11	105,993.17	155,045.84	137,323.00	99,705.65	61,479.76	77,375.61	163,701.07	65,209.43	72,625.32	1,068,982.95
Mary F. Janvier School	146,125.47	118,662.38	173,578.26	156,632.00	88,089.32	98,012.40	138,470.13	109,062.42	155,949.72	79,326.16	1,263,908.27
Lake School	12,547.01	10,188.91	14,904.24	20,409.00	22,444.35	17,542.42	17,261.98	22,784.40	28,152.20	44,043.04	210,277.55
Total School Facilities	414,238.25	336,385.55	492,061.74	367,896.00	282,296.96	223,770.49	314,815.78	425,959.54	339,170.84	278,602.60	3,475,197.75
Other Facilities	39,396.75	31,992.45	46,798.26	699,420.00	95,579.11	63,646.40	62,173.64	107,176.06	84,237.06	67,220.27	2,543,168.77
Grand Totale	\$453,635.00	\$ 368,378.00	\$ 538,860.00	\$ 1,067,316.00	\$ 377,876.07	\$ 287,416.89	\$ 376,989.42	\$ 533,135.60	\$ 423,407.90	\$ 345,822.87	\$ 6,018,366.53

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

Source: District records

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020**

	COVERAGE	DEDUCTIBLE
<i>Republic Franklin Insurance:</i>		
Commercial Property Coverage - Blanket	\$ 43,917,821	
Including Boiler		1,000
Commercial General Liability	1,000,000 per occ/ 3,000,000 agg.	None
Comprehensive Automobile Liability	1,000,000	Comp. - 500 Collision - 1,000
Computers and Scheduled Equipment -		
Including Software (Commercial Inland Marine)	500,000	1,000
Commercial Crime Coverage		
Employee Dishonesty	105,000	None
Employee Benefits Liability	1,000,000 per claim 3,000,000 agg.	1,000
Employee Dishonesty Coverage	205,000	1,000
<i>Utica National Insurance:</i>		
Commercial Umbrella Policy	10,000,000	1,000
<i>Firemans Fund Indemnity Corp.:</i>		
Excess Umbrella - Catastrophic	50,000,000	None
<i>NJSBAIG:</i>		
Workers Compensation		
Per Accident	2,000,000	None
Aggregate	2,000,000	None
Each Employee	2,000,000	None
<i>Berkley Insurance Co./McCloskey Insurance Co.:</i>		
Student Accident Insurance	1,000,000 max per injury	None
<i>United States Fire Insurance Co.:</i>		
Catastrophic Accident Insurance	5,000,000	25,000
<i>Ohio Casualty:</i>		
Surety Bonds	225,000	None

Source: District Records.

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SINGLE AUDIT SECTION

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

EXHIBIT K-1

INDEPENDENT AUDITOR'S 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

Honorable President and Members
of the Board of Education
Franklin Township School District
County of Gloucester
Franklin Township, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Franklin Township School District (the "School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 27, 2021.

Internal Control Over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District'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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
January 27, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Franklin Township School District
County of Gloucester
Franklinville, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Franklin Township School District’s (the “School District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal and state programs for the fiscal year ended June 30, 2020. The School District’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of

compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District'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 federal and state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the School District 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's 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 School District'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 federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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 Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
January 27, 2021

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM/TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBSCRIBENTS	ADJUSTMENTS	(ACCOUNTS RECEIVABLE)	BALANCE, JUNE 30, 2020 DUE TO GRANTOR	UNEARNED REVENUE
U.S. DEPARTMENT OF AGRICULTURE													
Pass Through New Jersey Department of Agriculture:													
Child Nutrition Cluster:													
School Breakfast Program	10.553	201NJ304N1099	100-010-3350-028	70,917	7/1/19-6/30/20	\$ -	\$ 70,917	\$ (8,840)	\$ -	\$ -	\$ (4,684)	\$ -	\$ -
COVID-19 School Breakfast Program	10.553	201NJ304N1099	100-010-3350-100	8,840	3/13/20-6/30/20	-	4,156	(8,840)	-	-	(4,684)	-	-
School Breakfast Program	10.553	191NJ304N1099	100-010-3350-028	102,228	7/1/18-6/30/19	(6,984)	6,984	(79,757)	-	-	(4,684)	-	-
Special Milk Program	10.556	201NJ304N1099	Unavailable	354	7/1/19-6/30/20	(28)	354	(354)	-	-	-	-	-
Special Milk Program	10.556	191NJ304N1099	Unavailable	416	7/1/18-6/30/19	(28)	382	(354)	-	-	-	-	-
National School Lunch Program	10.555	201NJ304N1099	100-010-3350-026	138,159	7/1/19-6/30/20	-	138,159	(138,159)	-	-	-	-	-
COVID-19 National School Lunch Program	10.555	201NJ304N1099	100-010-3350-098	29,503	3/13/20-6/30/20	-	22,443	(29,503)	-	-	(7,260)	-	-
National School Lunch Program	10.555	191NJ304N1099	100-010-3350-026	206,645	7/1/18-6/30/19	(11,513)	1,513	-	-	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	201NJ304N1099	100-010-3350-026	4,893	7/1/19-6/30/20	-	4,893	(4,893)	-	-	-	-	-
COVID-19 Healthy Hunger-Free Kids Act	10.555	201NJ304N1099	100-010-3350-098	606	3/13/20-6/30/20	-	457	(606)	-	-	(149)	-	-
Healthy Hunger-Free Kids Act	10.555	191NJ304N1099	100-010-3350-026	6,738	7/1/18-6/30/19	(372)	372	(28,525)	-	-	-	-	-
Food Distribution Program (Nonmeat Assistance)	10.555	201NJ304N1099	Unavailable	42,427	7/1/19-6/30/20	13,902	-	(13,902)	-	-	-	-	-
Food Distribution Program (Nonmeat Assistance)	10.555	191NJ304N1099	Unavailable	46,560	7/1/18-6/30/19	2,017	220,064	(215,588)	-	-	(7,409)	-	-
Total Child Nutrition Cluster						(4,995)	302,503	(295,699)	-	-	(12,093)	-	-
Total Enterprise Fund						(4,995)	302,503	(295,699)	-	-	(12,093)	-	-
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:													
Medical Assistance Program	93.778	2005NFSMAP	100-054-7540-211	14,120	7/1/19-6/30/20	-	14,120	(14,120)	-	-	-	-	-
Total General Fund						-	14,120	(14,120)	-	-	-	-	-
Special Revenue Fund:													
No Child Left Behind (N.C.L.B.):													
Title I - Part A	84.010	S010A180030	100-034-5064-194	277,587	7/1/18-6/30/19	(169,840)	169,840	-	-	-	-	-	-
Title I - Part A	84.010	S010A140030	100-034-5064-194	236,359	7/1/14-6/30/15	437	-	(437)	-	-	-	-	-
Title I - Part A	84.010	S010A190030	100-034-5064-194	241,127	7/1/19-9/30/20	-	185,788	(241,326)	-	-	(55,538)	-	-
						(169,403)	355,628	(241,326)	-	-	(437)	(55,538)	-
Title II - Part A	84.367	S367A140029	100-034-5063-290	89,455	7/1/13-6/30/14	2,384	-	-	-	-	(2,384)	-	-
Title II - Part A	84.367	S367A150029	100-034-5063-290	89,455	7/1/14-6/30/15	135	-	-	-	-	(135)	-	-
Title II - Part A	84.367	S367A180029	100-034-5063-290	34,732	7/1/18-6/30/19	(19,574)	10,841	-	-	-	8,733	-	-
Title II - Part A	84.367	S367A190029	100-034-5063-290	33,508	7/1/19-9/30/20	-	33,508	(39,248)	-	-	(5,840)	-	-
						(17,055)	44,449	(39,248)	-	-	6,214	(5,840)	-
Title III	84.365A	S365A170030	Unavailable	1,752	7/1/17-6/30/18	(1,752)	-	-	-	-	-	(1,752)	-
Title III	84.365A	S365A180030	Unavailable	3,408	7/1/18-6/30/19	(3,408)	-	-	-	-	-	(3,408)	-
Title III	84.365A	S365A190030	Unavailable	2,084	7/1/19-9/30/20	-	824	(2,084)	-	-	-	(1,260)	-
						(5,160)	824	(2,084)	-	-	-	(6,420)	-
Title IV	84.424	S424A180031	100-034-5063-348	14,295	7/1/18-6/30/19	2,973	7,027	-	-	-	(10,000)	-	-
Title IV	84.424	S424A190031	100-034-5063-348	2,378	7/1/19-9/30/20	-	4,751	(7,577)	-	-	(2,826)	-	-
						2,973	11,778	(7,577)	-	-	(10,000)	(2,826)	-
Cares Emergency Relief Grant	84.425D	S425D200027	Unavailable	182,431	3/13/20-9/30/22	-	-	(14,676)	-	-	(14,676)	-	-
						-	-	(14,676)	-	-	(14,676)	-	-
Special Education Cluster:													
I.D.E.A. Part B, Basic Regular	84.027	H027A180100	100-034-5065-016	366,120	7/1/18-6/30/19	(209,370)	209,370	-	-	-	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	100-034-5065-016	365,762	7/1/19-9/30/20	-	290,488	(365,451)	-	-	(74,963)	-	-
						(209,370)	499,858	(365,451)	-	-	(74,963)	-	-
I.D.E.A. Preschool	84.173	H173A180114	100-034-5062-084	21,495	7/1/18-6/30/19	(17,663)	17,663	-	-	-	(17,590)	-	-
I.D.E.A. Preschool	84.173	H173A190114	100-034-5062-084	21,628	7/1/19-9/30/20	-	7,870	(25,460)	-	-	(17,590)	-	-
						(17,663)	25,533	(25,460)	-	-	(17,590)	-	-
Total Special Education Cluster						(27,033)	525,391	(390,911)	-	-	(92,553)	-	-
Total Special Revenue Fund						(415,678)	957,970	(695,922)	-	-	(4,223)	(177,853)	-
Total Federal Financial Assistance						(420,673)	1,254,593	(1,005,741)	-	-	(4,223)	(189,946)	\$ -
													21,755

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2020**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2020		MEMO CUMULATIVE TOTAL EXPENDITURES
								ACCOUNTS RECEIVABLE	DUE TO GRANTOR	
State Department of Education:										
General Fund:										
State Aid Public:										
Equalization Aid	495-034-5120-078	\$ 7,628,286	7/1/19-6/30/20	-	\$ 7,628,286	(\$7,628,286)	\$ -	\$ -	\$ -	\$ 7,628,286
Special Education Categorical Aid	495-034-5120-089	737,647	7/1/19-6/30/20	-	737,647	(737,647)	-	-	-	737,647
Security Aid	495-034-5120-084	177,000	7/1/19-6/30/20	-	177,000	(177,000)	-	-	-	177,000
Total State Aid Public				-	8,542,933	(8,542,933)	-	-	(838,769)	8,542,933
Transportation Aid	495-034-5120-014	836,192	7/1/19-6/30/20	-	836,192	(836,192)	-	-	(82,100)	836,192
Additional Nonpublic Transportation Aid	495-034-5120-014	15,950	7/1/19-6/30/20	-	-	(15,950)	-	(15,950)	-	15,950
Additional Nonpublic Transportation Aid	495-034-5120-014	29,290	7/1/18-6/30/19	(29,290)	29,290	-	-	-	-	-
Subtotal				(29,290)	865,482	(852,142)	-	(15,950)	(82,100)	852,142
Extraordinary Aid	495-034-5120-044	82,129	7/1/19-6/30/20	-	-	(82,129)	-	(82,129)	-	82,129
Extraordinary Aid	495-034-5120-044	102,694	7/1/18-6/30/19	(102,694)	102,694	-	-	-	-	-
Reimbursed TPAF Social Security	495-034-5094-003	634,566	7/1/19-6/30/20	-	603,736	(634,566)	-	(30,830)	-	634,566
Reimbursed TPAF Social Security	495-034-5094-003	591,230	7/1/18-6/30/19	(29,348)	29,348	-	-	-	-	-
Homeless Tuition	495-034-5120-005	19,159	7/1/19-6/30/20	-	-	(19,159)	-	(19,159)	-	19,159
Noncash Assistance:										
TPAF - Post Retirement Medical	495-034-5094-001	640,907	7/1/19-6/30/20	-	640,907	(640,907)	-	-	-	640,907
TPAF - Pension Contributions	495-034-5094-002	1,727,597	7/1/19-6/30/20	-	1,727,597	(1,727,597)	-	-	-	1,727,597
TPAF - Long-Term Disability Insurance	495-034-5094-004	2,057	7/1/19-6/30/20	-	2,057	(2,057)	-	-	-	2,057
Total General Fund Assistance				(161,332)	12,514,754	(12,501,490)	-	(148,068)	(920,869)	12,501,490
State Department of Agriculture:										
Enterprise Fund:										
National School Lunch Program	100-010-3360-067	5,499	7/1/19-6/30/20	-	4,045	(5,499)	-	(1,454)	-	5,499
National School Lunch Program	100-010-3360-067	5,907	7/1/18-6/30/19	(326)	326	-	-	-	-	-
Total Enterprise Fund Assistance				(326)	4,371	(5,499)	-	(1,454)	-	5,499
Grand Total State Financial Assistance				\$ (161,658)	\$ 12,519,125	\$ (12,506,989)	\$ -	\$ (149,522)	\$ -	\$ 12,506,989
State Financial Assistance Programs Not Subject to Calculation for Major Program Determination:										
TPAF - Post Retirement Medical (Noncash Assistance)		640,907	7/1/19-6/30/20							640,907
TPAF - Pension Contributions (Noncash Assistance)		1,727,597	7/1/19-6/30/20							1,727,597
TPAF - Long-Term Disability Insurance (Noncash Assistance)		2,057	7/1/19-6/30/20							2,057
Total State Financial Assistance subject to Major Program Determination										\$ (10,136,428)

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Township of Franklin School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state 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. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

Note 3. Relationship to Basic Financial Statements

The basic 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.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,923) for the general fund and (\$29,134) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 14,120	\$ 12,495,567	\$ 12,509,687
Special Revenue Fund	666,788	-	666,788
Food Service Fund	<u>295,699</u>	<u>5,499</u>	<u>301,198</u>
Total Awards & Financial Assistance	<u>\$ 976,607</u>	<u>\$ 12,501,066</u>	<u>\$ 13,477,673</u>

Note 4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5. Federal and State Loans Outstanding

The Township of Franklin School District had no loan balances outstanding at June 30, 2020.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

2) Significant deficiency(ies) identified? 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 2 CFR 200 section .516(a) of Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A190100	Special Education Cluster: I.D.E.A. Part B, Basic Regular
84.173	H173A190114	I.D.E.A. Preschool

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

2) Significant deficiency(ies) identified? yes X no

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 New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

State Aid Public Cluster:
495-034-5120-078
495-034-5120-084
495-034-5120-089

State Aid Public:
Equalization Aid
Categorical Security Aid
Categorical Special Education Aid

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section II – 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 *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section III – Federal Awards & State Financial Assistance Findings & 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.