

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Somerset, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Franklin Township Public Schools

Somerset, New Jersey

For The Fiscal Year Ended June 30, 2020

Prepared by

Business Office

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INTRODUCTORY SECTION

Franklin Township Board of Education

2301 Route 27
Somerset, NJ 08873

JONATHAN TOTH
ASSISTANT SUPERINTENDENT FOR BUSINESS
SCHOOL BOARD SECRETARY

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

February 5, 2021

Honorable President and
Members of the Board of Education
Franklin Township School District and the
Citizens of Franklin Township
2301 Route 27
Somerset, New Jersey

Dear Board Members and Constituents of Franklin Township:

The Comprehensive Annual Financial Report (CAFR) of the Franklin Township School District (District) for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

REPORTING ENTITY AND ITS SERVICES

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

The Franklin Township Public School District is a Pre-K-12 educational system, comprising ten (10) schools, approximately 7,500 students, and approximately one thousand two hundred (1,200) staff. In addition, the budget supports approximately 1,119 Charter School Students. The district provides transportation services to 420 non-public students and aid-in-lieu payments to 576 non-public students.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

The school district has plans to engage the services of an education consultant (Fall 2022) to conduct an enrollment projection. The consultant's report to the Board of Education will be kept on file with the District.

MAJOR BUILDING PROJECTS/RENOVATIONS 2019-2020

The status of major capital projects and/or renovations for the 2019-2020 school year is as follows:

- District Security Camera Upgrades \$250,000 Complete
- Secure Vestibules at Franklin Park and Hillcrest School \$500,000 Complete
- Hamilton Street Window Panel Project \$450,000 Complete
- Board Administrative Campus Renovation \$750,000 Complete
- Pine Grove Manor Parapet Repair \$61,000 Complete
- District Floor Work \$450,000 Complete
- District HVAC Work \$150,000 Complete

UPDATE ON REFERENDUM PROJECTS

The status of December 2014 referendum capital projects for 2019-2020 school year are as follows:

Claremont Road Elementary School Contract -- \$1,000,000 in progress

MAJOR ACCOMPLISHMENTS

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

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

- Engaging in Culturally and Linguistically Responsive Pedagogy Training.
- Developing and adopting a robust anti-racism policy.
- Creating a pandemic-driven hybrid instructional model that offers a virtual learning environment, affording students synchronous and asynchronous learning opportunities aligned to district-approved curriculum and NJ Student Learning Standards.
- Creating innovative learning opportunities, such as a new Health Professions Academy, a partnership program with Rutgers University's School of Health Professions. This program allows students to earn credits towards various certificated programs at Rutgers and other colleges and universities. In addition, dance instruction is available to students at all grade levels, K-12. In Grades 4 and 5, a "voice and choice" enrichment program is offered to students via Student College courses.
- Creating secondary level CTE programs in the area of Television Production, Dance, and Technology.
- Developing a new "Honors for All" pilot so that students can earn Honors credits within their social studies classes at the middle school level.
- Offering innovative extracurricular activities include morning clubs at all elementary schools and a new "Aviation Club" to students at FHS that enables them to pursue and earn a pilot's license while attending high school.
- Achieving Future Ready certification for ten district schools. Receiving the Future Ready Schools distinction is an honor that indicates each school's clearly articulated vision for the strategic incorporation of technology in teaching and learning.
- Achieving Bronze Level Certification recognition for two district schools through participation in the Sustainable New Jersey Program.
- Earning a High Performing School District designation by the NJDOE as a result of the district's most recent NJQSAC review.
- Receiving an NJDOE Model Program designation for the English Language Learner and Bilingual programs in the district's schools.

- Receiving outstanding recognition for its Fine, Visual, and Performing Arts program and its work with social-emotional learning opportunities via PBSIS and various mentoring programs throughout the district.
- Offering one of the most comprehensive K-12 financial literacy curricula in the state, which has gained FTSP recognition by Junior Achievement of New Jersey. This program includes visits from high school students to all district schools in Grades K-8, for which they teach financial literacy lessons. It also allows local and national business leaders to teach literacy lessons to our students. Not coincidentally, a number of our students have won prestigious national financial literacy contests.
- Increasing and diversifying enrollment in advanced level courses while maintaining achievement in those same courses as a result of partnering with Equal Opportunity School (EOS). The district also has been recognized in recent years for being placed on the College Board's Annual AP District Honor Roll for increasing access to Advanced Placement courses for a broader number of students while simultaneously maintaining or improving the rate at which the AP students earned scores of 3 or higher. However, the district firmly believes its work with EOS will further accomplishment in this area.
- Reinstating and expanding a rigorous Gifted and Talented program for our students, with plans for further equitable enrollment in GATE courses during the 2020-2021 school year.
- For SY 2020-2021, PEA and PEEA Grants allowed the district to open up PK to three-year-old typical students.

ANNUAL STANDARDIZED TESTING REPORT

Franklin Township Public Schools issues an annual assessment report based on academic assessments of all students in testing years (Grades 3-11).

Under the Federal requirements of ESSA, our district administers state assessments in Grades 3, 4, 5, 6, 7, 8, 9, 10, and 11 (NJSLA). The test results are disaggregated by the following indicators: total population, students with disabilities, limited English proficient, economically disadvantaged, as well as ethnic/racial subgroups.

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

During the spring of 2019, Franklin Township administered the New Jersey Student Learning Assessment (NJSLA) to grades 3-11. The district was well prepared for the assessment and was well supported through the technology department. Franklin Township Public Schools issues an annual test report based on academic assessments of all students in testing years.

RELEVANT FINANCIAL POLICIES

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

The second largest revenue source (approximately 17% of revenue) for the district is State aid grants. Over seven and a half million of the aid pertains to on-behalf payments made by the State for pension and social security, of those district employees enrolled in the teachers' pension plan. The other significant sources

of aid pertain to funding for special education, and equalization aid. In addition, approximately 2% of the District's revenue is comprised of federal aid/grants.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as 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.

LONG-TERM FINANCIAL PLANNING

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

The following 2019-2020 Budget Goals were adopted by the Board and used to guide the budget development process:

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

2. Anticipate the utilization of any unspent 2018-2019 general fund budget and allocate those funds to support the district's Capital and Maintenance initiatives.
3. To support the expansion of FTSP PreK-12 Specialized Programs, including Career and Technical Education, Advanced Courses, Technology, STEM, Tiered Interventions, Transitional Programs, and Fine, Visual, and Performing Arts.
4. To support the continued professional development of staff, especially in the areas of social emotional learning, culturally responsive instruction, technology, and content specialization.
5. To support the equitable expansion of co-curricular and extracurricular offerings, especially at the elementary and middle school levels.
6. To support district initiatives that foster, sustain and expand relationships with the community.

After State approval of the proposed budget, on April 28, 2020 the Board unanimously adopted the 2020-21 budget. The General Fund Tax Levy increased by 2.88% and the total operating budget increased by 1%. The Debt Service Budget decreased by 1%.

INDEPENDENT AUDIT

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Franklin Township School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This is the tenth consecutive year that the District received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

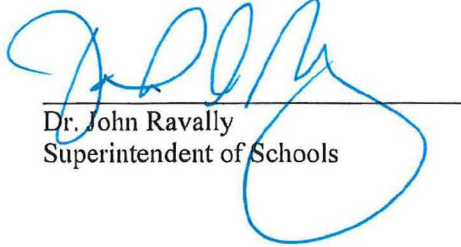
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal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

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

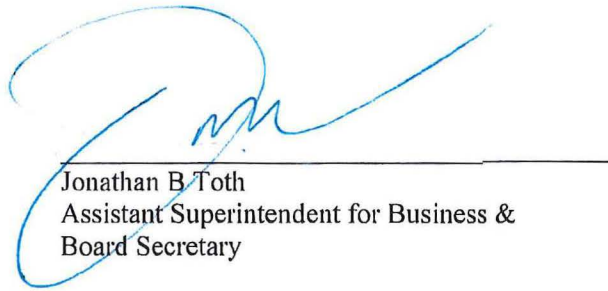
ACKNOWLEDGEMENTS

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

Respectfully submitted,

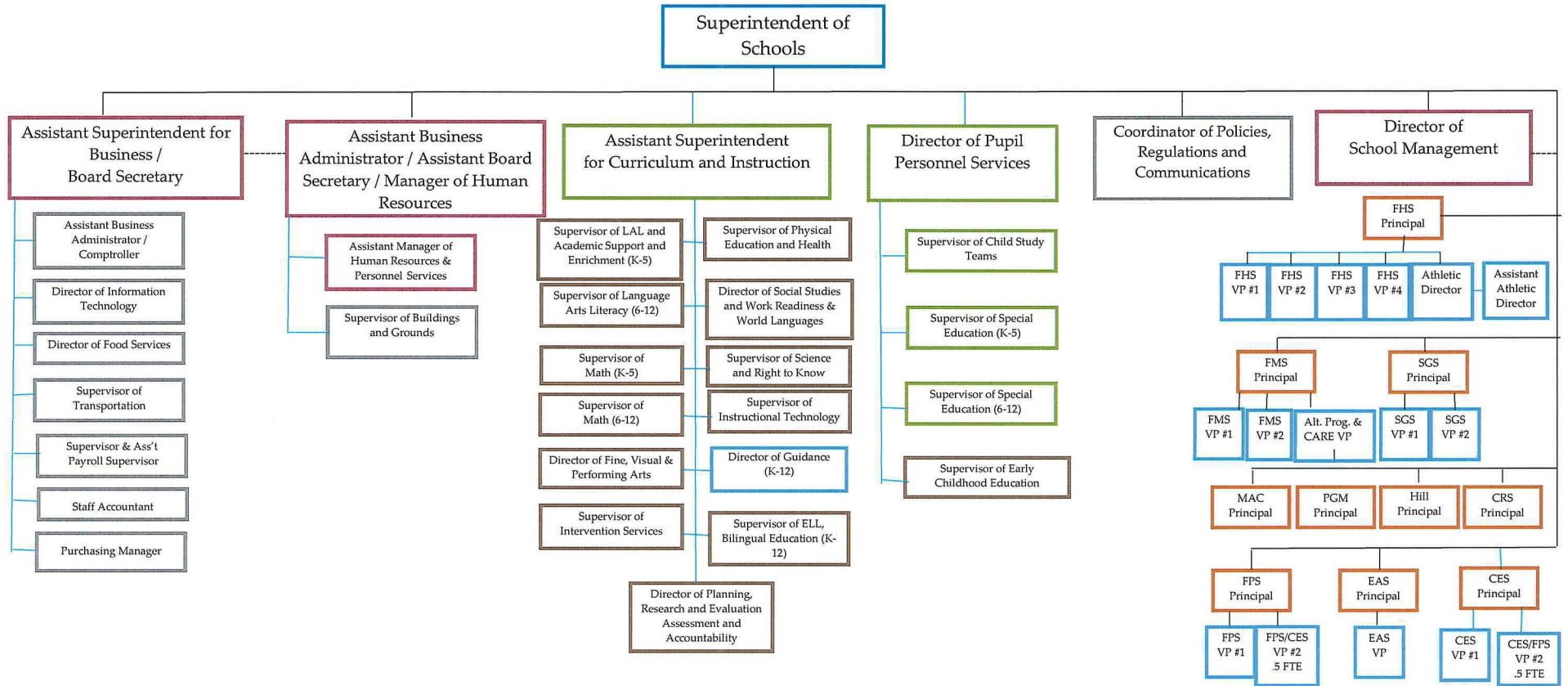


Dr. John Ravally
Superintendent of Schools



Jonathan B Toth
Assistant Superintendent for Business &
Board Secretary

Franklin Township Organizational Chart



FRANKLIN TOWNSHIP PUBLIC SCHOOLS

ROSTER OF OFFICIALS

June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Nancy LaCorte, President	2022
Ardaman Singh, Vice President	2022
Nishita Desai	2020
Michelle L. Shelton	2020
Dr. Michael J. Smith	2020
Laurie Merris	2021
Edward Potosnak III	2021
Patricia E. Stanley	2021
Walter Jackson	2022

Other Officials

Dr. John A. Ravally, Superintendent of Schools

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

Kim M. Esterman, Treasurer

FRANKLIN TOWNSHIP PUBLIC SCHOOLS

Consultants and Advisors

Architect

DMR Architects
777 Terrace Avenue
Hasbrouck Heights, NJ 07604

Audit Firm

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

Attorney

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

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

Official Depositories

TD Bank
3221 Route 27
Franklin Park, NJ 08823

First Bank
225 Demott Lane
Somerset, NJ 08873



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Franklin Township Public Schools
New Jersey**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

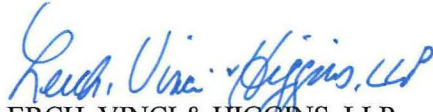
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Township Public Schools' basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2021 on our consideration of the Franklin Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Franklin Township Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Franklin Township Public Schools' internal control over financial reporting and compliance.



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



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February 5, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

This section of the Franklin Township Public Schools' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 fiscal year include the following:

- The assets and deferred outflows of resources of the Franklin Township Public Schools exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,200,201 (net position).
- Overall revenues were \$209,488,913. General revenues accounted for \$156,498,258 or 75% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$52,990,655 or 25% of total revenues.
- The school district had \$199,618,300 in expenses for governmental activities; only \$49,540,805 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$156,475,844 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$25,661,882.
- The General Fund fund balance at June 30, 2020 was \$19,246,546 a decrease of \$228,016 when compared with the beginning balance at July 1, 2019 of \$19,474,562.

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

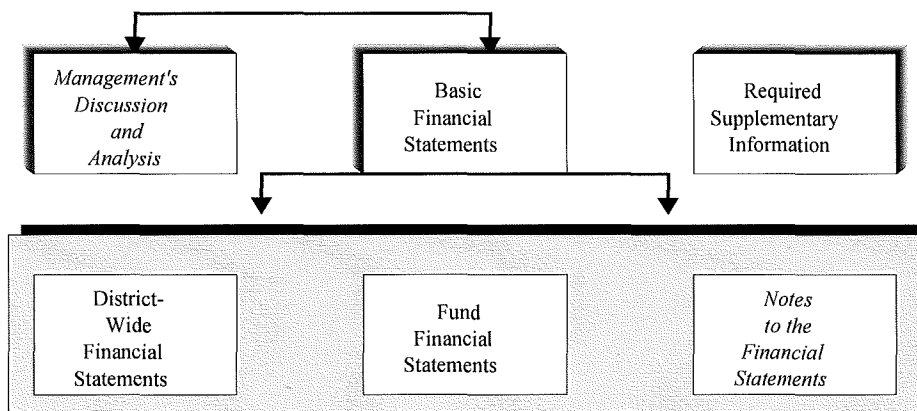
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Financial Statements

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

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

District-Wide Financial Statements (continued)

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Fund Financial Statements (continued)

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

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

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

Notes to the Financial Statements

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

Other Information

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15,200,201 and \$8,815,871 as of June 30, 2020 and June 30, 2019, respectively.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

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

**Net Position
June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u> (Restated)	<u>2020</u>	<u>2019</u> (Restated)	<u>2020</u>	<u>2019</u> (Restated)
Assets						
Current Assets	\$ 32,356,985	\$ 31,506,714	\$ 1,923,455	\$ 2,015,122	\$ 34,280,440	\$ 33,521,836
Capital Assets, Net	<u>136,659,677</u>	<u>133,904,851</u>	<u>757,576</u>	<u>624,205</u>	<u>137,417,253</u>	<u>134,529,056</u>
Total Assets	<u>169,016,662</u>	<u>165,411,565</u>	<u>2,681,031</u>	<u>2,639,327</u>	<u>171,697,693</u>	<u>168,050,892</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	660,422	887,947		-	660,422	887,947
Deferred Amounts on Net Pension Liability	<u>6,460,691</u>	<u>10,633,215</u>	<u>82,173</u>	<u>135,242</u>	<u>6,542,864</u>	<u>10,768,457</u>
Total Deferred Outflows of Resources	<u>7,121,113</u>	<u>11,521,162</u>	<u>82,173</u>	<u>135,242</u>	<u>7,203,286</u>	<u>11,656,404</u>
Total Assets and Deferred Outflows of Resources	<u>176,137,775</u>	<u>176,932,727</u>	<u>2,763,204</u>	<u>2,774,569</u>	<u>178,900,979</u>	<u>179,707,296</u>
Liabilities						
Long-Term Liabilities	138,708,218	148,942,107	511,744	570,964	139,219,962	149,513,071
Other Liabilities	<u>7,858,664</u>	<u>5,115,906</u>	<u>239,234</u>	<u>182,407</u>	<u>8,097,898</u>	<u>5,298,313</u>
Total Liabilities	<u>146,566,882</u>	<u>154,058,013</u>	<u>750,978</u>	<u>753,371</u>	<u>147,317,860</u>	<u>154,811,384</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			15,216	13,957	15,216	13,957
Deferred Amounts on Net Pension Liability	<u>16,162,138</u>	<u>15,864,308</u>	<u>205,564</u>	<u>201,776</u>	<u>16,367,702</u>	<u>16,066,084</u>
Total Deferred Inflows of Resources	<u>16,162,138</u>	<u>15,864,308</u>	<u>220,780</u>	<u>215,733</u>	<u>16,382,918</u>	<u>16,080,041</u>
Total Liabilities and Deferred Inflows of Resources	<u>162,729,020</u>	<u>169,922,321</u>	<u>971,758</u>	<u>969,104</u>	<u>163,700,778</u>	<u>170,891,425</u>
Net Position						
Net Investment in Capital Assets	50,024,411	44,040,614	757,576	624,205	50,781,987	44,664,819
Restricted	15,456,364	13,080,332			15,456,364	13,080,332
Unrestricted	<u>(52,072,020)</u>	<u>(50,110,540)</u>	<u>1,033,870</u>	<u>1,181,260</u>	<u>(51,038,150)</u>	<u>(48,929,280)</u>
Total Net Position	<u>\$ 13,408,755</u>	<u>\$ 7,010,406</u>	<u>\$ 1,791,446</u>	<u>\$ 1,805,465</u>	<u>\$ 15,200,201</u>	<u>\$ 8,815,871</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

**Changes in Net Position
For The Fiscal Years Ended June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues						
Charges for Services	\$ 295,391	\$ 104,820	\$ 1,444,274	\$ 1,963,934	\$ 1,739,665	\$ 2,068,754
Operating Grants and Contributions	49,031,286	53,013,409	2,005,576	2,478,996	51,036,862	55,492,405
Capital Grants and Contributions	214,128	859,068			214,128	859,068
General Revenues						
Property Taxes	149,138,119	145,364,388			149,138,119	145,364,388
State Aid	6,175,145	6,173,944			6,175,145	6,173,944
Other	1,162,580	2,661,189	22,414	37,928	1,184,994	2,699,117
Total Revenues	206,016,649	208,176,818	3,472,264	4,480,858	209,488,913	212,657,676
Expenses						
Instruction						
Regular	80,580,044	82,813,828			80,580,044	82,813,828
Special Education	32,483,731	30,753,643			32,483,731	30,753,643
Vocational Education-Tuition	259,942	261,392			259,942	261,392
School Sponsored Activities and Athletics	2,316,645	2,411,582			2,316,645	2,411,582
Other Instruction	8,602,534	8,976,461			8,602,534	8,976,461
Support Services						
Student and Instruction Related Services	24,335,526	25,575,140			24,335,526	25,575,140
School Administrative Services	9,556,210	9,576,676			9,556,210	9,576,676
General Administrative Services	2,912,838	2,714,208			2,912,838	2,714,208
Plant Operations and Maintenance	19,755,230	23,154,959			19,755,230	23,154,959
Pupil Transportation	12,764,018	13,316,912			12,764,018	13,316,912
Business and Other Support Services	2,963,546	4,019,780			2,963,546	4,019,780
Interest on Long-Term Debt	3,088,036	3,349,598			3,088,036	3,349,598
Food Service			3,087,479	3,669,174	3,087,479	3,669,174
Other-Business Activities	-	-	398,804	1,052,787	398,804	1,052,787
Total Expenses	199,618,300	206,924,179	3,486,283	4,721,961	203,104,583	211,646,140
Increase/(Decrease) in Net Position	6,398,349	1,252,639	(14,019)	(241,103)	6,384,330	1,011,536
Change in Net Position	6,398,349	1,252,639	(14,019)	(241,103)	6,384,330	1,011,536
Net Position, Beginning of Year	7,010,406	7,977,207	1,805,465	(172,871)	8,815,871	7,804,336
Prior Period Adjustmet- Net Pension Liability, Net	-	(2,219,440)	-	2,219,439	-	(1)
Net Position, End of Year	\$ 13,408,755	\$ 7,010,406	\$ 1,791,446	\$ 1,805,465	\$ 15,200,201	\$ 8,815,871

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

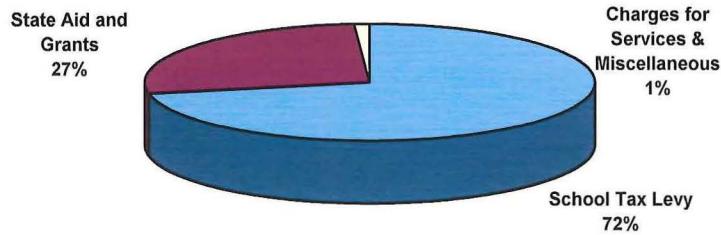
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$206,016,649 and \$208,176,818 for the fiscal years ended June 30, 2020 and June 30, 2019, respectively. Property taxes of \$149,138,119 and \$145,364,388 represented 72% and 70% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$55,206,431 and \$59,187,353 which was represented 27% and 28% of the revenues for fiscal years ended June 30, 2020 and 2019, respectively. The significant decrease in this revenue type is attributable to the adjustment to the On-Behalf other post-employment benefit (OPEB) contribution to recognize the actuarially determined amount that should have been contributed on behalf of the District. This adjustment which affects both the revenues and expenses of the governmental activities was \$2,873,440 for the fiscal year ended June 30, 2020 compared to \$6,976,217 for the fiscal year ended June 30, 2019. The District also had \$214,128 and \$859,068 of capital grants and contributions for the fiscal years ended June 30, 2020 and 2019, respectively. The balance of revenues for fiscal year June 30, 2020 and 2019, respectively is charges for tuition (\$283,417 and \$85,455), charges for rentals (\$11,974 and \$19,365) and miscellaneous income (\$1,162,580 and \$2,661,189) which includes items such as investment earnings, prior year refunds, etc.

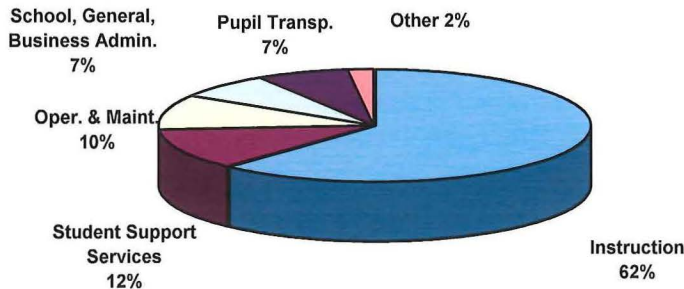
The total cost of all governmental activities programs and services was \$199,618,300 and \$206,924,179. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$124,242,896 and \$125,216,906 (62% and 60%) of total expenses, respectively. Student and Instruction Related Services totaled \$24,335,526 and \$25,575,140 or (12% and 12%) of total expenses. Plant operations and maintenance services totaled \$19,755,230 and \$23,154,959 (10% and 11%) of total expenses. Pupil Transportation total \$12,764,018 and \$13,316,912 or (7% and 7%) of total expenses. Administrative services were \$15,432,594 and \$16,310,664 or (7% and 8%) of total expenses. Interest on Long-Term Debt totaled \$3,088,036 and \$3,349,598 or (2% and 2%) of total expenses.

Total governmental activities revenues exceeded expenses resulting in net position increasing \$6,398,349 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2020



Expenses by Type- Governmental Activities
For Fiscal Year 2020



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
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**Management's Discussion and Analysis
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Total and Net Cost of Governmental Activities. The District's total cost of services was \$199,618,300 and \$206,924,179 for the fiscal years ended June 30, 2020 and 2019. After applying program revenues, derived from charges for services of \$295,391 and \$104,820, and operating grants and contributions of \$49,031,286 and \$53,013,409, and capital grants and contributions of \$214,128 and \$859,068, the net cost of services of the District is \$150,077,495 and \$152,946,882, respectively

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2020 and 2019**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction				
Regular	\$ 80,580,044	\$ 82,813,828	\$ 58,961,888	\$ 58,593,882
Special Education	32,483,731	30,753,643	16,348,271	15,864,536
Vocational Education-Tuition	259,942	261,392	259,942	261,392
School Sponsored Activities and Athletics	2,316,645	2,411,582	1,724,680	1,728,753
Other Instruction	8,602,534	8,976,461	6,044,898	5,994,780
Support Services				
Student and Instruction Related Services	24,335,526	25,575,140	21,791,797	22,146,702
School Administrative Services	9,556,210	9,576,676	7,874,097	7,518,922
General Administrative Services	2,912,838	2,714,208	2,886,212	2,654,038
Plant Operations and Maintenance	19,755,230	23,154,959	17,680,802	20,071,741
Pupil Transportation	12,764,018	13,316,912	10,985,240	11,415,162
Business and Other Support Services	2,963,546	4,019,780	2,901,841	3,819,004
Interest on Long-Term Debt	<u>3,088,036</u>	<u>3,349,598</u>	<u>2,617,827</u>	<u>2,877,970</u>
 Total	 <u>\$ 199,618,300</u>	 <u>\$ 206,924,179</u>	 <u>\$ 150,077,495</u>	 <u>\$ 152,946,882</u>

Business-Type Activities – The District's total business-type activities revenues were \$3,472,264 and \$4,480,858 for the fiscal years ended June 30, 2020 and 2019, respectively. Charges for services accounted for 42% and 44% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$2,005,576 and \$2,478,996 accounted for 58% and 55% of total revenue for each of the fiscal years. The balance of the revenues, \$22,414 and \$37,928, respectively represents investment earnings.

The total cost of all business-type activities programs and services was \$3,486,283 and \$4,721,961 for the fiscal years ended June 30, 2020 and 2019. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of the C.A.R.E. program within the District.

Total business-type activities expenses exceeded revenues decreasing net position by \$14,019 from the last year.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2020, its governmental funds reported a combined fund balance of \$25,661,882. At June 30, 2019, the fund balance was \$27,657,972. The decrease in fund balance was largely attributable to the expenditures incurred for the District's referendum projects.

Revenues and other financing sources (net) for the District's governmental funds were \$200,203,021 while total expenditures and other financing uses were \$202,199,111 thereby decreasing fund balance by \$1,996,090 for the fiscal year ended June 30, 2020.

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 141,128,111	\$ 137,531,420	\$ 3,596,691	3%
Interest	473,726	593,931	(120,205)	-20%
State/Federal Sources	36,180,130	35,263,433	916,697	3%
Miscellaneous	<u>918,811</u>	<u>2,041,397</u>	<u>(1,122,586)</u>	-55%
Total General Fund Revenues	<u>\$ 178,700,778</u>	<u>\$ 175,430,181</u>	<u>\$ 3,270,597</u>	2%

Total General Fund Revenues increased by \$3,270,597 or 2% over the previous year.

Local property taxes increased 3% over the previous year. State and federal aid revenues increased \$916,697 or 3% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state.

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Interest income revenues decreased due to a decrease in interest rates on bank balances.

Miscellaneous revenues decreased due to onetime revenues such as cancellation of prior year payables and refunds on prior year expenditures and proceeds from the sales of computers and related supplies received in fiscal year end June 30, 2020 compared to the previous year.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 106,759,118	\$ 105,690,001	\$ 1,069,117	1%
Support and Undistributed Services	64,527,337	67,394,287	(2,866,950)	-4%
Capital Outlay	1,785,094	4,360,204	(2,575,110)	-59%
Debt Service	<u>1,439,276</u>	<u>1,446,868</u>	<u>(7,592)</u>	-1%
Total Expenditures	<u>\$ 174,510,825</u>	<u>\$ 178,891,360</u>	<u>\$ (4,380,535)</u>	-2%

Total General Fund expenditures decreased \$4,380,535 or 2% from the previous year.

The significant decrease in capital outlay expenditures was due to various capital projects such as locker and bathroom renovations, security infrastructure upgrades and classroom/building retrofit that were funded by capital reserve in the previous year. The decrease in support and undistributed services largely due to school buildings closures during COVID-19 pandemic lockdown.

In 2019-2020, General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$228,016. As a result, total fund balance decreased to \$19,246,546 at June 30, 2020. After deducting transfers and reserves, the unrestricted, unassigned fund balance decreased from \$694,680 at June 30, 2019 to a balance of \$577,727 at June 30, 2020.

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

Revenues of the Special Revenue Fund were \$7,730,823 for the year ended June 30, 2020. State sources accounted for the majority of Special Revenue Fund's revenue which represented 60% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$858,933 or 12% over the previous year. State sources increased \$826,149 or 22% and Federal sources increased \$28,189 or less than 1%. Local sources increased \$4,595.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Expenditures of the Special Revenue Fund were \$8,228,700. Instructional expenditures were \$7,739,665 or 94%. Expenditures for the support services were \$482,255 or 6% of total expended for the year ended June 30, 2020. The balance of expenditures, \$6,780 was for capital outlay.

Capital Projects - The capital projects revenues and other financing sources were less than expenditures and other financing uses by \$1,270,197 decreasing fund balance to \$6,913,213 at June 30, 2020. The decrease is primarily due to the expenditure of funds related to the referendum projects as well as various other capital projects.

Proprietary Funds

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to \$137,417,253 (net of accumulated depreciation). The capital assets consist of land improvements, buildings and building improvements, construction in progress, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2019-2020 amounted to \$4,609,883 for governmental activities and \$55,981 for business-type activities.

Capital Assets at June 30, 2020 and 2019
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 20,311,056	\$ 20,311,056			\$ 20,311,056	\$ 20,311,056
Construction in Progress	5,451,194				5,451,194	
Improvements Other Than Buildings	2,874,682	3,197,431			2,874,682	3,197,431
Building and Building Improvements	105,691,382	108,037,271			105,691,382	108,037,271
Machinery and Equipment	<u>2,331,363</u>	<u>2,359,093</u>	<u>\$ 757,576</u>	<u>\$ 624,205</u>	<u>3,088,939</u>	<u>2,983,298</u>
Total Capital Assets, Net	<u>\$ 136,659,677</u>	<u>\$ 133,904,851</u>	<u>\$ 757,576</u>	<u>\$ 624,205</u>	<u>\$ 137,417,253</u>	<u>\$ 134,529,056</u>

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

LONG TERM LIABILITIES

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$2,132,114, claims and judgments payable of \$2,893,072; bonds payable, including unamortized premium, of \$85,291,079, lease purchase agreements payable of \$8,156,868, and net pension liability of \$40,235,085. The District's long-term liabilities for the business-type activities consisted of net pension liability of \$511,744.

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2020-2021 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, out of district tuition, tuition for charter schools, energy and employee related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 28,156,129	\$ 1,737,713	\$ 29,893,842
Receivables, net	4,089,623	96,482	4,186,105
Inventory		77,493	77,493
Internal Balances	(11,767)	11,767	
Restricted Cash with Fiscal Agents	123,000		123,000
Capital Assets			
Not Being Depreciated	25,762,250		25,762,250
Being Depreciated, Net	<u>110,897,427</u>	<u>757,576</u>	<u>111,655,003</u>
Total Assets	<u>169,016,662</u>	<u>2,681,031</u>	<u>171,697,693</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	660,422		660,422
Deferred Amounts on Net Pension Liability	<u>6,460,691</u>	<u>82,173</u>	<u>6,542,864</u>
Total Deferred Outflows of Resources	<u>7,121,113</u>	<u>82,173</u>	<u>7,203,286</u>
Total Assets and Deferred Outflows of Resources	<u>176,137,775</u>	<u>2,763,204</u>	<u>178,900,979</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	4,011,957	132,007	4,143,964
Payable to Governments	191,449		191,449
Accrued Interest Payable	1,163,561	107,227	1,270,788
Unearned Revenue	2,491,697		2,491,697
Noncurrent Liabilities			
Due Within One Year	7,310,486		7,310,486
Due Beyond One Year	<u>131,397,732</u>	<u>511,744</u>	<u>131,909,476</u>
Total Liabilities	<u>146,566,882</u>	<u>750,978</u>	<u>147,317,860</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		15,216	15,216
Deferred Amounts on Net Pension Liability	<u>16,162,138</u>	<u>205,564</u>	<u>16,367,702</u>
Total Deferred Inflows of Resources	<u>16,162,138</u>	<u>220,780</u>	<u>16,382,918</u>
Total Liabilities and Deferred Inflows of Resources	<u>162,729,020</u>	<u>971,758</u>	<u>163,700,778</u>
NET POSITION			
Net Investment in Capital Assets	50,024,411	757,576	50,781,987
Restricted for			
Capital Projects	12,419,906		12,419,906
Other	3,031,420		3,031,420
Debt Service	5,038		5,038
Unrestricted	<u>(52,072,020)</u>	<u>1,033,870</u>	<u>(51,038,150)</u>
Total Net Position	<u>\$ 13,408,755</u>	<u>\$ 1,791,446</u>	<u>\$ 15,200,201</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Instruction							
Regular	\$ 80,580,044	\$ 146,714	\$ 21,471,442		\$ (58,961,888)		\$ (58,961,888)
Special Education	32,483,731	136,703	15,998,757		(16,348,271)		(16,348,271)
Vocational Education- Tuition	259,942				(259,942)		(259,942)
School Sponsored Activities and Athletics	2,316,645		591,965		(1,724,680)		(1,724,680)
Other Instruction	8,602,534		2,557,636		(6,044,898)		(6,044,898)
Support Services							
Student & Instruction Related Services	24,335,526		2,543,729		(21,791,797)		(21,791,797)
School Administrative Services	9,556,210		1,682,113		(7,874,097)		(7,874,097)
General Administrative Services	2,912,838		26,626		(2,886,212)		(2,886,212)
Plant Operations and Maintenance	19,755,230	11,974	1,848,326	\$ 214,128	(17,680,802)		(17,680,802)
Pupil Transportation	12,764,018		1,778,778		(10,985,240)		(10,985,240)
Business/Central & Other Support Services	2,963,546		61,705		(2,901,841)		(2,901,841)
Interest on Long-Term Debt	3,088,036	-	470,209	-	(2,617,827)		(2,617,827)
Total Governmental Activities	<u>199,618,300</u>	<u>295,391</u>	<u>49,031,286</u>	<u>214,128</u>	<u>(150,077,495)</u>	<u>-</u>	<u>(150,077,495)</u>
Business-Type Activities							
Food Service	3,087,479	786,919	2,005,576			\$ (294,984)	(294,984)
C.A.R.E.	398,804	657,355	-	-		258,551	258,551
Total Business-Type Activities	<u>3,486,283</u>	<u>1,444,274</u>	<u>2,005,576</u>	<u>-</u>	<u>-</u>	<u>(36,433)</u>	<u>(36,433)</u>
Total Primary Government	<u>\$ 203,104,583</u>	<u>\$ 1,739,665</u>	<u>\$ 51,036,862</u>	<u>\$ 214,128</u>	<u>(150,077,495)</u>	<u>(36,433)</u>	<u>(150,113,928)</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried forward)	\$ (150,077,495)	\$ (36,433)	\$ (150,113,928)
General Revenues			
Property Taxes			
Property Taxes, Levied for General Purposes	141,128,111		141,128,111
Taxes Levied for Debt Service	8,010,008		8,010,008
State Aid Unrestricted	6,175,145		6,175,145
Investment Earnings	539,160	22,414	561,574
Miscellaneous Income	623,420	-	623,420
	156,475,844	22,414	156,498,258
Total General Revenues			
Change in Net Position	6,398,349	(14,019)	6,384,330
Net Position, Beginning of Year -Restated	7,010,406	1,805,465	8,815,871
Net Position, End of Year	\$ 13,408,755	\$ 1,791,446	\$ 15,200,201

FUND FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 22,093,081	\$ 1,108,914	\$ 4,954,134		\$ 28,156,129
Due from Other Funds	194,578				194,578
Receivables from Other Governments	331,442	1,336,888	2,233,362		3,901,692
Other Receivables	179,941	7,990			187,931
Restricted Cash with Fiscal Agents	123,000	-	-	-	123,000
	<u>22,922,042</u>	<u>2,453,792</u>	<u>7,187,496</u>	<u>-</u>	<u>32,563,330</u>
Total Assets	<u>\$ 22,922,042</u>	<u>\$ 2,453,792</u>	<u>\$ 7,187,496</u>	<u>-</u>	<u>\$ 32,563,330</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 335,086	\$ 348,092			\$ 683,178
Deposits Payable		136			136
Accrued Liability for Insurance Claims	3,328,643				3,328,643
Due to Other Funds	11,767		\$ 194,578		206,345
Payable to State Government		191,224			191,224
Payable to Federal Government		225			225
Unearned Revenue	-	2,411,992	79,705	-	2,491,697
	<u>3,675,496</u>	<u>2,951,669</u>	<u>274,283</u>	<u>-</u>	<u>6,901,448</u>
Total Liabilities	<u>3,675,496</u>	<u>2,951,669</u>	<u>274,283</u>	<u>-</u>	<u>6,901,448</u>
Fund Balances					
Restricted					
Excess Surplus	2,420,128				2,420,128
Excess Surplus- Designated for					
Subsequent Year's Budget (2020/21)	1,950,000				1,950,000
Capital Reserve	6,065,693				6,065,693
Capital Reserve-Designated for					
Subsequent Year's Budget (2020/21)	3,585,000				3,585,000
Maintenance Reserve	2,031,420				2,031,420
Emergency Reserve	1,000,000				1,000,000
Capital Projects			6,908,175		6,908,175
Debt Service			5,038		5,038
Committed					
Purchases on Order	560,940				560,940
Assigned					
Purchases on Order	665,794				665,794
Designated for Subsequent Year's Budget (2020/21)	389,844				389,844
Unassigned					
General Fund	577,727				577,727
Special Revenue Fund	-	(497,877)	-	-	(497,877)
	<u>19,246,546</u>	<u>(497,877)</u>	<u>6,913,213</u>	<u>-</u>	<u>25,661,882</u>
Total Fund Balances	<u>19,246,546</u>	<u>(497,877)</u>	<u>6,913,213</u>	<u>-</u>	<u>25,661,882</u>
Total Liabilities and Fund Balances	<u>\$ 22,922,042</u>	<u>\$ 2,453,792</u>	<u>\$ 7,187,496</u>	<u>\$ -</u>	<u>\$ 32,563,330</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

Total Fund Balance (Exhibit B-1)		\$ 25,661,882
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$212,422,591 and the accumulated depreciation is \$75,762,914.</p>		136,659,677
<p>The District has financed capital assets through the issuance of serial bonds and capital lease/lease purchase obligations. The interest accrual at year end is:</p>		(1,163,561)
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		660,422
<p>Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2A)</p>		(138,708,218)
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
Deferred Outflows of Resources	\$ 6,460,691	
Deferred Inflows of Resources	<u>(16,162,138)</u>	<u>(9,701,447)</u>
Net Position of Governmental Activities (Exhibit A-1)		<u>\$ 13,408,755</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 141,128,111			\$ 8,010,008	\$ 149,138,119
Tuition	283,417				283,417
Rentals	11,974				11,974
Interest	473,726		\$ 65,434		539,160
Miscellaneous	623,420	\$ 22,033		-	645,453
Total - Local Sources	142,520,648	22,033	65,434	8,010,008	150,618,123
State Sources	36,004,058	4,628,937	207,348	940,417	41,780,760
Federal Sources	176,072	3,079,853	-	-	3,255,925
Total Revenues	178,700,778	7,730,823	272,782	8,950,425	195,654,808
EXPENDITURES					
Current					
Regular Instruction	69,462,768	4,735,662			74,198,430
Special Education Instruction	27,287,513	3,004,003			30,291,516
Vocational Education Instruction- Tuition	259,942				259,942
Other Instruction	7,671,057				7,671,057
School-Sponsored Activities and Athletics	2,077,838				2,077,838
Support Services					
Student and Instruction Related Services	22,645,525	482,255			23,127,780
School Administrative Services	8,833,825				8,833,825
General Administrative Services	2,643,633		230,522		2,874,155
Plant Operations and Maintenance	14,937,726		157,591		15,095,317
Pupil Transportation	12,666,835				12,666,835
Business Central Services	2,799,793				2,799,793
Debt Service					
Principal	1,062,005			6,020,000	7,082,005
Interest and Other Charges	377,271			2,930,425	3,307,696
Capital Outlay	1,785,094	6,780	5,572,835	-	7,364,709
Total Expenditures	174,510,825	8,228,700	5,960,948	8,950,425	197,650,898
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,189,953	(497,877)	(5,688,166)	-	(1,996,090)
OTHER FINANCING SOURCES (USES)					
Transfers In	65,122		4,483,091	-	4,548,213
Transfers Out	(4,483,091)	-	(65,122)	-	(4,548,213)
Total Other Financing Sources and Uses	(4,417,969)	-	4,417,969	-	-
Net Change in Fund Balances	(228,016)	(497,877)	(1,270,197)	-	(1,996,090)
Fund Balance, Beginning of Year	19,474,562	-	8,183,410	-	27,657,972
Fund Balance, End of Year	\$ 19,246,546	\$ (497,877)	\$ 6,913,213	\$ -	\$ 25,661,882

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

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

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (1,996,090)**

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

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

Capital Outlay	\$ 7,364,709	
Depreciation Expense	<u>(4,609,883)</u>	
		2,754,826

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

Net Increase in Compensated Absences	(187,019)	
Net Increase in Claims and Judgements for Self-Insurance	(1,660,838)	
Decrease in Governmental Activities Pension Expense	<u>185,805</u>	
		(1,662,052)

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

7,082,005

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

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

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

Decrease in Accrued Interest		<u>103,603</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 6,398,349**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,164,507	\$ 573,206	\$ 1,737,713
Intergovernmental Receivable			
State	922		922
Federal	95,560		95,560
Due from Other Funds	11,767		11,767
Inventories	<u>77,493</u>	<u>-</u>	<u>77,493</u>
Total Current Assets	<u>1,350,249</u>	<u>573,206</u>	<u>1,923,455</u>
Capital Assets			
Equipment	1,622,305	50,780	1,673,085
Less: Accumulated Depreciation	<u>(864,729)</u>	<u>(50,780)</u>	<u>(915,509)</u>
Total Capital Assets, Net	<u>757,576</u>	<u>-</u>	<u>757,576</u>
Total Assets	<u>2,107,825</u>	<u>573,206</u>	<u>2,681,031</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>82,173</u>	<u>-</u>	<u>82,173</u>
Total Deferred Outflows of Resources	<u>82,173</u>	<u>-</u>	<u>82,173</u>
Total Assets and Deferred Outflows of Resources	<u>2,189,998</u>	<u>573,206</u>	<u>2,763,204</u>
LIABILITIES			
Current Liabilities			
Deposits Payable		132,007	132,007
Unearned Revenue	<u>107,227</u>	<u>-</u>	<u>107,227</u>
Total Current Liabilities	<u>107,227</u>	<u>132,007</u>	<u>239,234</u>
Long Term Liabilities			
Net Pension Liability	<u>511,744</u>	<u>-</u>	<u>511,744</u>
Total Long Term Liabilities	<u>511,744</u>	<u>-</u>	<u>511,744</u>
Total Liabilities	<u>618,971</u>	<u>132,007</u>	<u>750,978</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	15,216		15,216
Deferred Amounts on Net Pension Liability	<u>205,564</u>	<u>-</u>	<u>205,564</u>
Total Deferred Inflows of Resources	<u>220,780</u>	<u>-</u>	<u>220,780</u>
Total Liabilities and Deferred Inflows of Resources	<u>839,751</u>	<u>132,007</u>	<u>971,758</u>
NET POSITION			
Investment in Capital Assets	757,576	-	757,576
Unrestricted	<u>592,671</u>	<u>441,199</u>	<u>1,033,870</u>
Total Net Position	<u>\$ 1,350,247</u>	<u>\$ 441,199</u>	<u>\$ 1,791,446</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales- Reimbursable Programs	\$ 519,272		\$ 519,272
Daily Sales- Non-Reimbursable Programs	235,831		235,831
Special Functions	21,938		21,938
Program Fees		\$ 657,355	657,355
Miscellaneous	9,878	-	9,878
	<u>786,919</u>	<u>657,355</u>	<u>1,444,274</u>
Total Operating Revenues			
OPERATING EXPENSES			
Cost of Sales- Reimbursable Programs	1,175,393		1,175,393
Cost of Sales- Non-Reimbursable Programs	116,766		116,766
Salaries and Employee Benefits	1,612,565	390,353	2,002,918
Other Purchased Services	68,340		68,340
Supplies and Materials	50,105	2,546	52,651
Depreciation	55,981		55,981
Miscellaneous	8,329	5,905	14,234
	<u>3,087,479</u>	<u>398,804</u>	<u>3,486,283</u>
Total Operating Expenses			
Operating Income/(Loss)	<u>(2,300,560)</u>	<u>258,551</u>	<u>(2,042,009)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	26,897		26,897
Federal Sources			
National School Lunch Program	1,182,465		1,182,465
Breakfast Program	549,426		549,426
Food Distribution Program	246,788		246,788
Interest Earnings	17,197	5,217	22,414
	<u>2,022,773</u>	<u>5,217</u>	<u>2,027,990</u>
Total Nonoperating Revenues			
Change in Net Position	(277,787)	263,768	(14,019)
Net Position , Beginning of Year- restated	<u>1,628,034</u>	<u>177,431</u>	<u>1,805,465</u>
Net Position , End of Year	<u>\$ 1,350,247</u>	<u>\$ 441,199</u>	<u>\$ 1,791,446</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 845,074	\$ 657,355	\$ 1,502,429
Cash Payments for Registration Deposits		(1,011)	(1,011)
Cash Payments for Employees' Salaries and Benefits	(1,662,988)		(1,662,988)
Cash Payments to Suppliers for Goods and Services	<u>(1,628,985)</u>	<u>(398,849)</u>	<u>(2,027,834)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(2,446,899)</u>	<u>257,495</u>	<u>(2,189,404)</u>
Cash Flows from Noncapital Financing Activities			
Cash Payments/Received to/from General Fund		(57,114)	(57,114)
Cash Received from State and Federal Subsidy Reimbursements	<u>2,169,636</u>	<u>-</u>	<u>2,169,636</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,169,636</u>	<u>(57,114)</u>	<u>2,112,522</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	<u>(189,352)</u>	<u>-</u>	<u>(189,352)</u>
Net Cash (Used by) Capital Financing Activities	<u>(189,352)</u>	<u>-</u>	<u>(189,352)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>17,197</u>	<u>5,217</u>	<u>22,414</u>
Net Cash Provided by Investing Activities	<u>17,197</u>	<u>5,217</u>	<u>22,414</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(449,418)	205,598	(243,820)
Cash and Cash Equivalents, Beginning of Year	<u>1,613,925</u>	<u>367,608</u>	<u>1,981,533</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,164,507</u>	<u>\$ 573,206</u>	<u>\$ 1,737,713</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/ (Used) by Operating Activities			
Operating Income/(Loss)	<u>\$ (2,300,560)</u>	<u>\$ 258,551</u>	<u>\$ (2,042,009)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities			
Depreciation	55,981		55,981
Food Distribution (USDA Commodities) Nat'l School Lunch	248,047		248,047
Change in Assets, Liabilities and Deferred Inflows/Outflows of Resources			
Increase/(Decrease) in Accounts Payable		(45)	(45)
Increase/(Decrease) in Unearned Revenue	57,883		57,883
(Increase)/Decrease in Due from Other Funds	(11,767)		(11,767)
(Increase)/Decrease in Inventories	(29,355)		(29,355)
Increase/(Decrease) in Deposits Payable		(1,011)	(1,011)
Increase/(Decrease) in Due to Other Funds	(464,765)		(464,765)
Increase/(Decrease) in Net Pension Liability	(59,220)		(59,220)
(Increase)/Decrease in Deferred Outflows of Resources-Net Pension Liability	53,069		53,069
Increase/(Decrease) in Deferred Inflows of Resources-Net Pension Liability	<u>3,788</u>	<u>-</u>	<u>3,788</u>
Total Adjustments	<u>(146,339)</u>	<u>(1,056)</u>	<u>(147,395)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (2,446,899)</u>	<u>\$ 257,495</u>	<u>\$ (2,189,404)</u>
Non-Cash Investing, Capital and Related Financing Activities			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 248,047		

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,355,408	\$ 1,373	\$ 4,039,666
Total Assets	<u>1,355,408</u>	<u>1,373</u>	<u>\$ 4,039,666</u>
LIABILITIES			
Due to Student Groups			\$ 261,250
Flexible Spending Account			59,320
Payroll Deductions and Withholdings			8,213
Accrued Salaries & Wages			3,710,883
Intergovernmental Payable	<u>45,899</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>45,899</u>	<u>-</u>	<u>\$ 4,039,666</u>
NET POSITION			
Restricted For Scholarships		<u>\$ 1,373</u>	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,309,509</u>		

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Employee Contributions	\$ 180,677	
Investment Earnings		
Interest	<u>13,757</u>	<u>\$ 4</u>
Total Additions	<u>194,434</u>	<u>4</u>
DEDUCTIONS		
Unemployment Claims and Contrib.	<u>192,220</u>	<u>-</u>
Total Deductions	<u>192,220</u>	<u>-</u>
Change in Net Position	2,214	4
Net Position, Beginning of Year	<u>1,307,295</u>	<u>1,369</u>
Net Position, End of Year	<u>\$ 1,309,509</u>	<u>\$ 1,373</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Franklin Township Public Schools (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. An Assistant Superintendent for Business/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade twelve (12) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Assistant Superintendent for Business/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

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

B. New Accounting Standards

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

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

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

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

Additionally, the District reports the following fund types:

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

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

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

Reclassifications

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

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

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

4. *Restricted Assets*

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

5. *Capital Assets*

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Deferred Outflows/Inflows of Resources

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

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

7. Compensated Absences

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

8. Pensions

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

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Long-Term Obligations*

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that was appropriated in the 2020/2021 original budget certified for taxes.

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

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2020/2021 District budget certified for taxes.

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 3F).

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

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

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

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

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

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

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020/2021 District budget certified for taxes.

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

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

11. Fund Balance Policies

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *Fund Balance Policies (Continued)*

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Bonds Payable	\$ (83,960,000)
Add: Issuance Premium (to be Amortized as Interest Expense)	(1,331,079)
Lease Purchase Payable	(8,156,868)
Claims and Judgments	(2,893,072)
Compensated Absences	(2,132,114)
Net Pension Liability	<u>(40,235,085)</u>

Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (138,708,218)</u>
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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities

The government fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental fund and changes in net position of governmental activities as reported in the district-wide statement of activities.

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

Principal Repayments:	
General Obligation Bonds	\$ 6,020,000
Lease Purchase Agreements	<u>1,062,005</u>

Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 7,082,005</u>
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board previously adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2019/2020. Also, during 2019/2020 the Board increased the original general fund budget by \$3,013,748. The increase was funded by the additional appropriation of unassigned fund balance and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$573,091 from the general fund for prior year state aid which was made on July 25, 2019. The Board increased the special revenue fund original budget by \$1,544,368 which was funded by additional grant awards.

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue Fund			
Support Services			
Salaries of Program Directors	\$234,027	\$234,394	\$367

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$497,877 in the Special Revenue Fund as of June 30, 2020 as reported in the fund financial statements (modified accrual basis). NJSA 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 these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2019/2020 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the Special Revenue Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$497,877 in the Special Revenue Fund is equal to the delayed state aid payments at June 30, 2020.

D. Capital Reserve

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

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

Balance, July 1, 2019		\$ 10,847,530
Increased by:		
Interest Earnings - Transferred from Capital Projects Fund	\$ 65,122	
Interest Earnings	63,041	
Deposits Approved by Board Resolution	<u>2,000,000</u>	
		<u>2,128,163</u>
		12,975,693
Decreased by:		
Withdrawals by Budget Appropriation - Capital Outlay		<u>3,325,000</u>
Balance, June 30, 2020		\$ <u>9,650,693</u>
Designated for Subsequent Year's Budget (2020/21)		\$ 3,585,000
Available Capital Reserve		<u>6,065,693</u>
		\$ <u>9,650,693</u>

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

E. Maintenance Reserve

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

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

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

Balance, July 1, 2019		\$ 1,020,899
Increased by:		
Interest Earnings	\$ 10,521	
Deposits Approved by Board Resolution	<u>1,000,000</u>	
		<u>1,010,521</u>
Balance, June 30, 2020		\$ <u>2,031,420</u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$7,030,355.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. Emergency Reserve

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

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

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

Increased by	
Deposits Approved by Board Resolution	<u>\$ 1,000,000</u>
Balance, June 30, 2020	<u>\$ 1,000,000</u>

G. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$4,370,128. Of this amount, \$1,950,000 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$2,420,128 will be appropriated in the 2021/2022 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$35,413,289 and bank and brokerage firm balances of the Board's deposits amounted to \$42,988,544. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "restricted cash with fiscal agent" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	
Cash and Cash Equivalents	\$ 42,865,544
Uninsured and Collateralized	
Restricted Cash with Fiscal Agent	<u>123,000</u>
	<u>\$ 42,988,544</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2020 the Board's bank balance of \$123,000 was exposed to custodial credit risk as follows:

Depository Account

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

Investments

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

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

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

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

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

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

B. Receivables

Receivables as of June 30, 2020 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 114,321	\$ 7,990			\$ 122,311
Intergovernmental					
Federal		1,126,964		\$ 95,560	1,222,524
State	331,442	209,924	\$ 2,233,362	922	2,775,650
State - Tuition	<u>65,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,620</u>
Total Receivables	<u>\$ 511,383</u>	<u>\$ 1,344,878</u>	<u>\$ 2,233,362</u>	<u>\$ 96,482</u>	<u>\$ 4,186,105</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 2,059,750
Grant Draw Downs Purchases on Orders	352,242
Capital Projects Fund	
Unrealized School Facilities Grants	<u>79,705</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 2,491,697</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress		\$ 5,451,194		\$ 5,451,194
Land	\$ 20,311,056	-	-	20,311,056
Total Capital Assets, Not Being Depreciated	<u>20,311,056</u>	<u>5,451,194</u>	<u>-</u>	<u>25,762,250</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	163,902,661	1,561,704		165,464,365
Improvements Other Than Buildings	8,156,844	21,390		8,178,234
Machinery and Equipment	12,687,321	330,421	-	13,017,742
Total Capital Assets Being Depreciated	<u>184,746,826</u>	<u>1,913,515</u>	<u>-</u>	<u>186,660,341</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(55,865,390)	(3,907,593)		(59,772,983)
Improvements Other Than Buildings	(4,959,413)	(344,139)		(5,303,552)
Machinery and Equipment	(10,328,228)	(358,151)	-	(10,686,379)
Total Accumulated Depreciation	<u>(71,153,031)</u>	<u>(4,609,883)</u>	<u>-</u>	<u>(75,762,914)</u>
Total Capital Assets, Being Depreciated, Net	<u>113,593,795</u>	<u>(2,696,368)</u>	<u>-</u>	<u>110,897,427</u>
Governmental Activities Capital Assets, Net	<u>\$ 133,904,851</u>	<u>\$ 2,754,826</u>	<u>\$ -</u>	<u>\$ 136,659,677</u>
	Balance, <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 1,440,888	\$ 189,352	\$ (7,935)	\$ 1,638,175
Total Capital Assets Being Depreciated	<u>1,440,888</u>	<u>189,352</u>	<u>(7,935)</u>	<u>1,638,175</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(816,683)	(55,981)	7,935	(880,599)
Total Accumulated Depreciation	<u>(816,683)</u>	<u>(55,981)</u>	<u>7,935</u>	<u>(880,599)</u>
Total Capital Assets, Being Depreciated, Net	<u>624,205</u>	<u>133,371</u>	<u>-</u>	<u>757,576</u>
Business-Type Activities Capital Assets, Net	<u>\$ 624,205</u>	<u>\$ 133,371</u>	<u>\$ -</u>	<u>\$ 757,576</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 105,203
Total Instruction	<u>105,203</u>

Support Services

Student and Instruction Related Services	63,387
School Sponsored Activities and Athletics	23,216
General Administrative Services	726
Plant Operations and Maintenance	4,279,029
Pupil Transportation	62,533
Business/Central & Other Support Services	<u>75,789</u>
Total Support Services	<u>4,504,680</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 4,609,883</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 55,981</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 55,981</u>

Construction and Other Significant Commitments

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

<u>Project</u>	<u>Remaining Commitment</u>
Capital Projects Fund	
Claremont School construction	\$ 96,431
Franklin Middle School Renovations	95,753
Consolata Renovations	773,941
Pine Grove Renovations	76,119
Consolata Community Center Renovations	44,920
General Fund	
District Flooring	38,515
District Security Cameras	58,851
Security Project	<u>309,696</u>
Total Construction Commitments	<u>\$ 1,494,226</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments (Continued)

The District has other significant commitments at June 30, 2020 as follows:

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

General Fund	\$1,226,734
Capital Projects Fund	<u>1,407,170</u>
Total	<u>\$2,633,904</u>

E. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 194,578
Food Service Enterprise Fund	General Fund	<u>11,767</u>
Total		<u>\$ 206,345</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>		
	<u>Capital Projects Fund</u>	<u>General Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 4,483,091		\$ 4,483,091
Capital Projects Fund	<u>-</u>	<u>\$ 65,122</u>	<u>65,122</u>
Total Transfers Out	<u>\$ 4,483,091</u>	<u>\$ 65,122</u>	<u>\$ 4,548,213</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Lease Purchase Agreements

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

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

	Governmental <u>Activities</u>
Machinery and Equipment	\$ <u>6,143,571</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2021	\$ 1,300,630
2022	1,312,719
2023	476,557
2024	487,547
2025	497,987
2026-2030	2,656,627
2031-2035	<u>2,997,874</u>
Total minimum lease payments	9,729,941
Less: amount representing interest	<u>(1,573,073)</u>
Present value of minimum lease payments	<u>\$ 8,156,868</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2020 are comprised of the following issues:

\$24,970,000, 2009 Refunding Bonds, due in annual installments of \$45,000 to \$2,340,000 through August 15, 2023, interest at 4.00% to 5.00%	\$ 7,060,000
\$81,480,000, 2015 School Bonds, due in annual installments of \$3,775,000 to \$5,000,000 through February 1, 2035, interest at 3.00 to 4.00%	68,200,000
\$8,700,000, 2016 Refunding Bonds, due in annual installments of \$2,140,000 to \$2,220,000 through August 15, 2026, interest at 3.00 to 4.00%	<u>8,700,000</u>
	<u>\$ 83,960,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 6,115,000	\$ 2,703,000	\$ 8,818,000
2022	6,220,000	2,472,750	8,692,750
2023	6,320,000	2,244,475	8,564,475
2024	6,310,000	2,038,250	8,348,250
2025	6,450,000	1,848,500	8,298,500
2026-2030	27,545,000	6,399,350	33,944,350
2031-2035	<u>25,000,000</u>	<u>2,568,750</u>	<u>27,568,750</u>
Total	<u>\$ 83,960,000</u>	<u>\$ 20,275,075</u>	<u>\$ 104,235,075</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

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

4% of Equalized Valuation Basis (Municipal)	\$ 417,344,721
Less: Net Debt (Including Authorized But Not Issued)	<u>83,960,257</u>
Remaining Borrowing Power	<u>\$ 333,384,464</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance, July 1, 2019 (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2020	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 89,980,000		\$ (6,020,000)	\$ 83,960,000	\$ 6,115,000
Add:					
Unamortized Premium	<u>1,674,661</u>	-	<u>(343,582)</u>	<u>1,331,079</u>	-
Bonds Payable, Gross	91,654,661		(6,363,582)	85,291,079	6,115,000
Lease Purchase Payable	9,218,873		(1,062,005)	8,156,868	1,095,486
Claims and Judgments	1,232,234	\$ 1,660,838		2,893,072	
Compensated Absences	1,945,095	391,825	(204,806)	2,132,114	100,000
Net Pension Liability	<u>44,891,244</u>	-	<u>(4,656,159)</u>	<u>40,235,085</u>	-
Governmental Activities Long-Term Liabilities	<u>\$ 148,942,107</u>	<u>\$ 2,052,663</u>	<u>\$ (12,286,552)</u>	<u>\$ 138,708,218</u>	<u>\$ 7,310,486</u>
Business-Type Activities:					
Net Pension Liability	<u>\$ 570,964</u>	-	<u>\$ (59,220)</u>	<u>\$ 511,744</u>	-
Business-Type Activities Long-Term Liabilities	<u>\$ 570,964</u>	-	<u>\$ (59,220)</u>	<u>\$ 511,744</u>	-

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2020, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$2,258,861 reported at June 30, 2020 is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2020 and 2019 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Unpaid Claims, Beginning of Year	\$ 1,560,877	\$ 967,661
Incurred Claims	1,579,027	1,597,739
Claim Payments	<u>(881,043)</u>	<u>(1,004,523)</u>
Unpaid Claims, End of Year	<u>\$ 2,258,861</u>	<u>\$ 1,560,877</u>
General Fund		
Other Current Liabilities	\$ 328,643	\$ 328,643
Governmental Activities		
Noncurrent Liabilities	<u>1,930,218</u>	<u>1,232,234</u>
	<u>\$ 2,258,861</u>	<u>\$ 1,560,877</u>

The District has established a health and prescription plan for its employees. The plan was established during the fiscal year ended June 30, 2020, effective January 1, 2020. Transactions related to the plan are accounted for in the General Fund. The District funds the entire cost of the plan. Claims are paid directly by the plan.

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2020, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator. The unpaid claims liability of \$3,962,854 reported at June 30, 2020 is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Changes in the balances of claims liabilities for the health insurance plan for the fiscal year ended June 30, 2020 and 2019 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u> <u>June 30, 2020</u>
Unpaid Claims, Beginning of Year	-
Incurring Claims	\$ 19,751,742
Claim Payments	<u>15,788,888</u>
Unpaid Claims, End of Year	<u>\$ 3,962,854</u>
General Fund	
Other Current Liabilities	\$ 3,000,000
Governmental Activities	
Noncurrent Liabilities	<u>962,854</u>
	<u>\$ 3,962,854</u>

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

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

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

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

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

<u>Fiscal</u> <u>Year Ended</u> <u>June 30,</u>	<u>Contributions/</u> <u>Interest Earnings</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2020	\$ 194,434	\$ 192,220	\$ 1,309,509
2019	159,584	118,043	1,307,295
2018	137,765	129,173	1,265,754

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

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

C. Federal Arbitrage Regulations

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

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2020.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 2,199,678	\$ 11,592,984	\$ 8,199
2019	2,296,666	10,584,508	19,023
2018	2,059,841	8,047,329	20,023

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$8,992, \$10,141 and \$28,678, respectively for PERS and the State contributed \$11,114, \$13,525 and \$15,707, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,259,297 during the fiscal year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$40,746,829 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .22614 percent, which was a decrease of .00695 percent from its proportionate share measured as of June 30, 2018 of .23090 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,011,511 for PERS. The pension contribution made by the District during the current 2019/2020 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 731,352	\$ 180,002
Changes of Assumptions	4,068,721	14,143,095
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		643,205
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,742,791</u>	<u>1,401,400</u>
Total	<u>\$ 6,542,864</u>	<u>\$ 16,367,702</u>

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

Year Ending <u>June 30,</u>	<u>Total</u>
2021	\$ (1,137,356)
2022	(3,602,890)
2023	(3,064,432)
2024	(1,912,050)
2025	(108,110)
Thereafter	<u>-</u>
	<u>\$ (9,824,838)</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

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

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>51,469,866</u>	\$ <u>40,746,829</u>	\$ <u>31,711,151</u>

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

Pension Plan Fiduciary Net Position

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2019, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$19,081,385 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$323,508,309. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .52714 percent, which was a decrease of .00637 percent from its proportionate share measured as of June 30, 2018 of .53351 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

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.

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

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

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.60%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 381,487,899</u>	<u>\$ 323,508,309</u>	<u>\$ 275,403,557</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

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

Plan Description and Benefits Provided

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

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

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>364,943</u>

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$4,300,785, \$4,801,116 and \$5,197,599, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$7,174,225. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$205,060,604. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was 0.49 percent, which was an increase of .01 percent from its proportionate share measured as of June 30, 2018 of 0.48 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2018 Measurement Date	\$ 221,658,545
Changes Recognized for the Fiscal Year:	
Service Cost	9,572,781
Interest on the Total OPEB Liability	8,831,577
Differences Between Expected and Actual Experience	(31,951,604)
Changes of Assumptions	3,057,470
Gross Benefit Payments	(6,294,749)
Contributions from the Member	186,584
Net Changes	<u>\$ (16,597,941)</u>
Balance, June 30, 2019 Measurement Date	<u>\$ 205,060,604</u>

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

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.50%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>242,257,608</u>	\$ <u>205,060,604</u>	\$ <u>175,513,343</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>168,960,798</u>	\$ <u>205,060,604</u>	\$ <u>252,849,335</u>

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

F. Subsequent Events

Refunding Bonds

On September 24, 2020 the Board authorized a Bond Refunding ordinance for the refunding of the 2015 Bonds. The ordinance authorized the issuance of not to exceed \$61,500,000 refunding bonds for the refunding. As of the date of the audit, the Board has not sold bonds in conjunction with this ordinance.

Appropriation of Fund Balance

On August 12, 2020 the Board approved the reduction in budget appropriations of \$439,297 to the 2020/2021 budget due to the reduction in state aid.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

G. Tax Abatements

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

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

NOTE 5 RESTATEMENT

The District discontinued its practice of allocating pension expense charges to the CARE Enterprise Fund and therefore, revised the proportionate share of pension expenses and related liabilities being allocated to the Food Service Enterprise Fund and the government activities. The net effect of this restatement was a decrease to government activities net position of \$2,219,440, an increase to CARE Enterprise Fund net position of \$176,849 and an increase to Food Service Enterprise Fund net position of \$2,042,590.

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 141,128,111		\$ 141,128,111	\$ 141,128,111	
Interest				400,164	\$ 400,164
Interest- Capital Reserve	1,500		1,500	63,041	61,541
Interest- Maintenance Reserve	500		500	10,521	10,021
Tuition - Other LEAs Within the State				136,703	136,703
Tuition - Other Sources	125,000		125,000	146,714	21,714
Rentals				11,974	11,974
Miscellaneous	150,000	-	150,000	623,420	473,420
Total - Local Sources	141,405,111	-	141,405,111	142,520,648	1,115,537
State Sources					
Special Education Aid	5,109,930		5,109,930	5,109,930	-
Equalization Aid	5,706,043		5,706,043	5,706,043	-
Security Aid	1,581,446		1,581,446	1,581,446	-
Transportation Aid	1,634,154		1,634,154	1,634,154	-
Extraordinary Aid	1,400,000		1,400,000	1,516,209	116,209
Additional Nonpublic Transportation Aid				120,634	120,634
On-Behalf TPAF Pension System Contr.					
Normal Cost & Accrued Liab.				11,388,852	11,388,852
Non-Contributory Insurance				204,132	204,132
Long Term Disability Insurance				11,114	11,114
Post-Retirement Medical Contributions				4,300,785	4,300,785
Reimbursed TPAF Soc. Sec. Contr. (Non-budgeted)	-	-	-	4,259,297	4,259,297
Total - State Sources	15,431,573	-	15,431,573	35,832,596	20,401,023
Federal Sources					
Medicaid Reimbursement	299,849	-	299,849	138,078	(161,771)
Medicaid- MAC	-	-	-	37,994	37,994
Total-Federal Sources	299,849	-	299,849	176,072	(123,777)
Total Revenues	157,136,533	-	157,136,533	178,529,316	21,392,783
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,332,750	\$ 183,057	1,515,807	1,509,188	6,619
Grades 1-5	10,585,580	(48,221)	10,537,359	10,527,612	9,747
Grades 6-8	7,627,091	1,167,864	8,794,955	8,794,571	384
Grades 9-12	9,562,156	940,161	10,502,317	10,476,628	25,689
Home Instruction					
Salaries of Teachers	35,000	2,556	37,556	37,556	-
Purchased Professional - Educational Services	35,000	(23,746)	11,254	8,063	3,191
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		567	567	567	-
Purchased Professional - Educational Services	820,645	372,211	1,192,856	1,002,514	190,342
Purchased Technical Services	113,486	115,795	229,281	191,546	37,735
Other Purchased Services	1,208,000	(39,010)	1,168,990	1,096,164	72,826
General Supplies	911,057	27,217	938,274	791,146	147,128
Textbooks	203,019	77,733	280,752	190,722	90,030
Other Objects	12,795	(5,765)	7,030	6,168	862
Total Regular Programs	32,446,579	2,770,419	35,216,998	34,632,445	584,553
Special Education					
Cognitive-Moderate					
Salaries of Teachers	5,933	848	6,781	6,781	-
Other Salaries of Instruction	83,292	(24,828)	58,464	48,704	9,760
Purchased Prof-Ed. Services	15,000	(15,000)	-	-	-
Purchased Technical Services	8,000	(8,000)	-	-	-
Other Purchased Services		2,247	2,247	1,359	888
Other Objects	-	1,530	1,530	1,367	163
Total Cognitive-Moderate	112,225	(43,203)	69,022	58,211	10,811

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 1,775,308	\$ (139,929)	\$ 1,635,379	\$ 1,561,263	\$ 74,116
Other Salaries for Instruction	814,142	(75,000)	739,142	701,566	37,576
General Supplies	27,850	2,737	30,587	30,198	389
Total Learning and/or Language Disabilities	2,617,300	(212,192)	2,405,108	2,293,027	112,081
Behavioral Disabilities					
Salaries of Teachers	112,119	-	112,119	61,119	51,000
Other Salaries for Instruction	68,132	-	68,132	44,132	24,000
General Supplies	2,000	4,500	6,500	6,338	162
Total Behavioral Disabilities	182,251	4,500	186,751	111,589	75,162
Resource Room/Resource Center					
Salaries of Teachers	5,487,366	(86,285)	5,401,081	5,400,980	101
Other Salaries for Instruction	783,029	(156,649)	626,380	622,990	3,390
General Supplies	34,130	(15,713)	18,417	18,094	323
Total Resource Room/Resource Center	6,304,525	(258,647)	6,045,878	6,042,064	3,814
Autism					
Salaries of Teachers	614,024	(22,729)	591,295	553,297	37,998
Other Salaries for Instruction	581,236	35,785	617,021	615,872	1,149
General Supplies	24,000	187,076	211,076	113,252	97,824
Total Autism	1,219,260	200,132	1,419,392	1,282,421	136,971
Preschool Disabilities - Full-Time					
Salaries of Teachers	522,086	423,213	945,299	820,118	125,181
Other Salaries for Instruction	482,175	9,488	491,663	489,939	1,724
Purchased Professional - Educational Services	-	-	-	-	-
General Supplies	15,000	(6,794)	8,206	8,110	96
Total Preschool Disabilities - Full-Time	1,019,261	425,907	1,445,168	1,318,167	127,001
Home Instruction					
Salaries of Teachers	-	21,775	21,775	21,775	-
Purchased Professional-Educational Services	35,002	(11,552)	23,450	16,602	6,848
Total Home Instruction	35,002	10,223	45,225	38,377	6,848
Total Special Education	11,489,824	126,720	11,616,544	11,143,856	472,688
Basic Skills/Remedial - Instruction					
Salaries of Teachers	2,130,433	(353,440)	1,776,993	1,647,473	129,520
General Supplies	6,280	-	6,280	-	6,280
Total Basic Skills/Remedial - Instruction	2,136,713	(353,440)	1,783,273	1,647,473	135,800
Bilingual Education - Instruction					
Salaries of Teachers	2,674,067	(116,586)	2,557,481	2,557,382	99
Other Salaries for Instruction	56,048	(43,190)	12,858	12,858	-
Purchased Professional - Educational Services	6,195	(6,195)	-	-	-
General Supplies	-	58,758	58,758	49,842	8,916
Textbooks	-	8,021	8,021	8,020	1
Total Bilingual Education - Instruction	2,736,310	(99,192)	2,637,118	2,628,102	9,016
School Sponsored Co/Extra Curricular Activities					
Salaries	491,423	7,592	499,015	286,145	212,870
Purchased Services	17,290	(125)	17,165	7,665	9,500
Supplies and Materials	16,573	2,425	18,998	15,457	3,541
Other Objects	61,138	(3,614)	57,524	43,937	13,587
Total School Sponsored Co/Extra Curricular Activities	586,424	6,278	592,702	353,204	239,498

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Athletics					
Salaries	\$ 804,225	\$ (1,890)	\$ 802,335	\$ 790,575	\$ 11,760
Purchased Services	43,700	90	43,790	40,656	3,134
Supplies and Materials	84,821	14,232	99,053	89,581	9,472
Other Objects	143,318	(8,110)	135,208	119,701	15,507
Total School Sponsored Athletics	1,076,064	4,322	1,080,386	1,040,513	39,873
Alternative Education Programs- Instruction					
Salaries of Teachers	227,030	83,379	310,409	309,986	423
Other Salaries for Instruction	9,000	-	9,000	6,962	2,038
Purchased Professional and Technical Services	4,650	(510)	4,140	3,500	640
General Supplies	2,500	(2,500)	-	-	-
Other Objects	-	245	245	245	-
Total Alternative Education Programs- Instruction	243,180	80,614	323,794	320,693	3,101
Alternative Education Programs- Support Services					
Salaries	116,558	5,440	121,998	117,398	4,600
Purchased Professional and Technical Services	200	400	600	600	-
Supplies and Materials	1,000	2,365	3,365	989	2,376
Total Alternative Education Programs- Support Services	117,758	8,205	125,963	118,987	6,976
Total - Instruction	50,832,852	2,543,926	53,376,778	51,885,273	1,491,505
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular	349,010	49,258	398,268	289,090	109,178
Tuition to Other LEAs Within State-Special	3,218,522	(103,953)	3,114,569	2,911,292	203,277
Tuition to County Vocational School Districts-Reg.	219,550	(7,000)	212,550	181,531	31,019
Tuition to County Vocational School Districts-Spec.	77,168	5,000	82,168	78,411	3,757
Tuition to County Spec. Svcs. Districts & Reg. Day	254,126	(57,550)	196,576	175,910	20,666
Tuition to Private Schools for the Disabled W/in State	5,612,350	(198,185)	5,414,165	5,268,227	145,938
Tuition to Private Schools Disabled and Other LEA's, Spl, O/S	160,421	-	160,421	149,513	10,908
Tuition - State Facilities	174,545	-	174,545	157,091	17,454
Tuition-Other	633,636	(89,793)	543,843	525,199	18,644
Total Undistributed Expenditures - Instruction	10,699,328	(402,223)	10,297,105	9,736,264	560,841
Attendance and Social Work Services					
Salaries	115,599	-	115,599	94,022	21,577
Total Attendance and Social Work Services	115,599	-	115,599	94,022	21,577
Health Services					
Salaries	1,435,444	456	1,435,900	1,365,417	70,483
Purchased Professional and Technical Svcs.	101,528	(48,260)	53,268	44,274	8,994
Other Purchased Services	2,160	(1,030)	1,130	1,080	50
Supplies and Materials	19,250	32,979	52,229	37,095	15,134
Total Health Services	1,558,382	(15,855)	1,542,527	1,447,866	94,661
Speech, OT, PT & Related Services					
Salaries	1,281,707	(7,863)	1,273,844	1,234,518	39,326
Purchased Professional- Educational Services	1,430,643	156,822	1,587,465	1,413,904	173,561
Supplies and Materials	8,600	9,217	17,817	16,445	1,372
Total Speech, OT, PT & Related Services	2,720,950	158,176	2,879,126	2,664,867	214,259
Other Support Services- Students Extra Service					
Salaries	962,533	29,243	991,776	991,470	306
Purchased Professional Ed. Services	1,294,000	(75,266)	1,218,734	1,099,860	118,874
Other Objects	-	8,550	8,550	-	8,550
Total Other Support Services- Students Extra Service	2,256,533	(37,473)	2,219,060	2,091,330	127,730

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 2,165,478	\$ (42,646)	\$ 2,122,832	\$ 2,002,300	\$ 120,532
Salaries of Secretarial and Clerical Assistants	324,850	9,368	334,218	320,850	13,368
Purchased Professional and Ed. Svcs.	542,807	(195,379)	347,428	267,305	80,123
Other Purch. Prof & Tech Svc.	6,000	11,440	17,440	16,619	821
Other Purchased Services	6,116	800	6,916	2,209	4,707
Supplies and Materials	37,574	11,384	48,958	33,713	15,245
Other Objects	42,606	2,337	44,943	30,172	14,771
Total Guidance	3,125,431	(202,696)	2,922,735	2,673,168	249,567
Child Study Teams					
Salaries of Other Professional Staff	2,800,117	(202,431)	2,597,686	2,597,542	144
Salaries of Secretarial and Clerical Assistants	284,371	583	284,954	284,954	-
Other Salaries	2,000	1,029	3,029	3,029	-
Purchased Professional-Educational Services	175,000	51,542	226,542	171,200	55,342
Other Purchased Professional & Technical Svcs.	64,000	-	64,000	55,330	8,670
Other Purchased Services	13,736	-	13,736	7,646	6,090
Supplies and Materials	23,380	11,002	34,382	30,988	3,394
Other Objects	400	(64)	336	336	-
Total Child Study Teams	3,363,004	(138,339)	3,224,665	3,151,025	73,640
Impvt. of Instruction Services-Other Support Services					
Salaries of Supervisors of Instruction	1,384,579	(38,744)	1,345,835	1,345,482	353
Salaries of Other Professional Staff	86,808	59,262	146,070	145,421	649
Salaries of Sec. and Clerical Assist.	272,647	14,246	286,893	275,923	10,970
Other Salaries	71,050	(29,594)	41,456	30,525	10,931
Salaries of Facilitators, Math & Literacy Coaches	1,807,313	11,134	1,818,447	1,729,604	88,843
Purchased Professional-Educational Services	20,674	3,600	24,274	24,263	11
Other Purchased Services	30,968	(4,587)	26,381	10,580	15,801
Supplies and Materials	10,360	2,288	12,648	5,237	7,411
Other Objects	26,585	794	27,379	22,152	5,227
Total Impvt. of Instruction Svcs./Other Support Svcs. - Instructional Staff	3,710,984	18,399	3,729,383	3,589,187	140,196
Educational Media Services/School Library					
Salaries	630,427	686	631,113	541,547	89,566
Purchased Professional & Technical Svcs.	200,000	(149,400)	50,600	4,083	46,517
Supplies and Materials	113,155	1	113,156	109,899	3,257
Total Educational Media Services/School Library	943,582	(148,713)	794,869	655,529	139,340
Instructional Staff Training Services					
Salaries of Other Professional Staff	41,822	(2,156)	39,666	23,552	16,114
Unused Vacation Payment to Terminated/Retired Staff	3,000	(3,000)	-	-	-
Purchased Professional - Educational Services	124,750	(11,372)	113,378	74,540	38,838
Other Purchased Professional & Technical Svcs.	9,699	9,699	9,699	8,948	751
Other Purchased Services	43,650	3,864	47,514	14,551	32,963
Supplies and Materials	34,900	(8,551)	26,349	14,670	11,679
Total Instructional Staff Training Services	248,122	(11,516)	236,606	136,261	100,345
Support Svcs. General Administration					
Salaries	706,602	5,880	712,482	711,651	831
Legal Services	312,487	44,708	357,195	213,629	143,566
Audit Fees	70,000	3,635	73,635	73,635	-
Architectural/Engineering Services	65,000	(34,880)	30,120	15,120	15,000
Other Purchased Professional Svcs.	52,600	-	52,600	44,666	7,934
Purchased Technical Services	181,451	(2,501)	178,950	115,429	63,521
Communications/Telephone	589,908	270,951	860,859	527,851	333,008
BOE Other Purchased Services	8,500	-	8,500	1,769	6,731
Misc. Purchased Services	608,203	(56,124)	552,079	518,866	33,213
General Supplies	8,900	(585)	8,315	6,286	2,029
BOE In House Training/ Meeting Supplies	3,500	1,839	5,339	5,287	52
Judgments Against the School District	25,000	(24,000)	1,000	1,000	-
Miscellaneous Expenditures	11,945	(1,335)	10,610	9,468	1,142
BOE Membership Dues and Fees	37,000	24,000	61,000	56,131	4,869
Total Support Services General Administration	2,681,096	231,588	2,912,684	2,300,788	611,896

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 2,890,398	\$ (17,957)	\$ 2,872,441	\$ 2,871,460	\$ 981
Salaries of Other Professional Staff	810,367	82,005	892,372	884,182	8,190
Salaries of Secretarial and Clerical Assistants	1,852,691	343,905	2,196,596	1,852,624	343,972
Other Salaries		28,084	28,084	27,351	733
Unused Vacation Payment to Terminated/Retired Staff		77,946	77,946	77,946	-
Purchased Professional and Technical Services	9,850	23,822	33,672	12,352	21,320
Other Purchased Services	48,580	(22,794)	25,786	13,271	12,515
Supplies and Materials	81,661	62,713	144,374	81,976	62,398
Other Objects	24,671	(4,090)	20,581	20,071	510
Total Support Services School Adm.	5,718,218	573,634	6,291,852	5,841,233	450,619
Central Services					
Salaries	837,539	(29,058)	808,481	806,897	1,584
Unused Vacation Payments to Terminated/Retired Staff		38,103	38,103	38,103	-
Purchased Professional Services	3,000	(3,000)			-
Purchased Technical Services	130,318	51,299	181,617	133,721	47,896
Miscellaneous Purchased Services	45,410	(27,639)	17,771	14,979	2,792
Supplies and Materials	29,260	13,027	42,287	28,239	14,048
Miscellaneous Expenditures	20,394	1,332	21,726	14,672	7,054
Total Central Services	1,065,921	44,064	1,109,985	1,036,611	73,374
Admin. Info. Technology					
Salaries	586,543	256,093	842,636	842,246	390
Unused Vacation Payments to Terminated/Retired Staff	205,850	(205,850)	-	-	-
Purchased Technical Services	21,881	159,412	181,293	155,430	25,863
Other Purchased Services	135,241	(93,585)	41,656	31,914	9,742
Supplies and Materials	-	65,142	65,142	36,661	28,481
Total Admin. Info. Technology	949,515	181,212	1,130,727	1,066,251	64,476
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	552,241	(35,585)	516,656	410,832	105,824
General Supplies	256,744	(20,000)	236,744	179,729	57,015
Other Objects	24,203	-	24,203	15,094	9,109
Total Required Maintenance for School Facilities	833,188	(55,585)	777,603	605,655	171,948
Custodial Services					
Salaries	4,376,614	150,754	4,527,368	4,527,368	-
Salaries of Non-Instructional Aides	370,217	(14,363)	355,854	347,216	8,638
Unused Vacation Payment to Terminated/Retired Staff		73,426	73,426	73,426	-
Purchased Professional and Technical Services	15,113	(4,372)	10,741	9,291	1,450
Cleaning, Repair and Maintenance Services	252,088	(28,712)	223,376	187,773	35,603
Other Purchased Property Services	238,697	-	238,697	159,212	79,485
Insurance	477,052	56,000	533,052	437,331	95,721
General Supplies	212,532	28,372	240,904	213,981	26,923
Energy (Natural Gas)	711,071	(3,636)	707,435	524,705	182,730
Energy (Electricity)	1,554,717	(63,248)	1,491,469	1,298,802	192,667
Energy (Gasoline)		14,382	14,382	11,438	2,944
Other Objects	1,500	-	1,500	700	800
Interest- Energy Savings Impr Prog Bonds	182,305	-	182,305	182,305	-
Principal- Energy Savings Impr Prog Bonds	259,000	18,390	277,390	277,390	-
Total Custodial Services	8,650,906	226,993	8,877,899	8,250,938	626,961
Care & Upkeep of Grounds					
Salaries	517,768	(6,913)	510,855	510,831	24
Cleaning, Repair and Maintenance Services	84,300	14,493	98,793	97,111	1,682
General Supplies	62,183	(12,662)	49,521	39,399	10,122
Total Care & Upkeep of Grounds	664,251	(5,082)	659,169	647,341	11,828
Security					
Salaries	1,384,806	371,185	1,755,991	1,755,507	484
Purchased Professional and Technical Services	1,015,995	(76,135)	939,860	754,330	185,530
Cleaning, Repair and Maintenance Services	49,827	92,693	142,520	137,017	5,503
General Supplies	31,277	(22,557)	8,720	5,468	3,252
Total Security	2,481,905	365,186	2,847,091	2,652,322	194,769

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 105,722	\$ 1,380	\$ 107,102	\$ 107,077	\$ 25
Salaries for Pupil Transportation (Between Home and School) - Regular	187,634	2,585	190,219	190,219	-
Salaries for Pupil Transportation (Between Home and School) - Special Educ.	360,030	(50)	359,980	352,345	7,635
Management Fee- ESC & CTSA Trans. Program	237,687	1	237,688	106,737	130,951
Other Purchased Prof. and Technical Serv.	626,263	105,733	731,996	297,066	434,930
Cleaning Repair and Maintenance Svcs.	216,134	48,018	264,152	212,127	52,025
Rental Payments- School Buses		2,095	2,095	2,095	-
Contracted Services (Between Home and School) - Vendors	4,528,107	80,197	4,608,304	4,447,212	161,092
Contracted Services (Other Than Between Home and School) - Vendors	567,282	(8,289)	558,993	306,570	252,423
Contracted (Between Home & School) Joint Agr.	25,000	7,500	32,500	26,937	5,563
Contracted Services (Special Ed. Students) Vendors	2,552,611	36,942	2,589,553	2,444,600	144,953
Contracted Services (Special Ed. Students) Joint Agr.		7,001	7,001		7,001
Contracted Services (Reg. Students)-ESCs & CTSA's	814,498	228,676	1,043,174	900,799	142,375
Contracted Services (Spl. Ed. Students)-ESCs & CTSA's	2,883,287	(58,969)	2,824,318	2,500,023	324,295
Contracted Service- Aid in Lieu Payments-Nonpub	586,000	(47,000)	539,000	461,959	77,041
Contracted Service- Aid in Lieu Payments-Charter	42,000	-	42,000	31,000	11,000
Misc. Purchased Svcs. - Transportation	1,664	-	1,664	472	1,192
General Supplies	9,313	-	9,313	4,357	4,956
Other Objects	1,800	50	1,850	700	1,150
Total Student Transportation Svcs.	13,745,032	405,870	14,150,902	12,392,295	1,758,607
Unallocated Benefits- Employee Benefits					
Group Insurance	1,200	-	1,200		1,200
Social Security Contribution	1,830,680	-	1,830,680	1,496,671	334,009
Other Retirement Contributions-Regular (DCRP)	34,500	14,977	49,477	8,199	41,278
Other Retirement Contributions- PERS	2,493,496	(123,362)	2,370,134	2,208,670	161,464
Unemployment Compensation		-			-
Workmen's Compensation	768,750	200,000	968,750	881,043	87,707
Health Benefits	21,529,343	(2,286,793)	19,242,550	18,788,888	453,662
Tuition Reimbursement	90,000	13,695	103,695	99,269	4,426
Other Employee Benefits	107,669	(18,825)	88,844	86,005	2,839
Unused Sick Payment to Terminated/Retired Staff	-	204,806	204,806	204,806	-
Total Unallocated Benefits- Employee Benefits	26,855,638	(1,995,502)	24,860,136	23,773,551	1,086,585
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Cost and Accrued Liability				11,388,852	(11,388,852)
Non-Contributory Insurance				204,132	(204,132)
Long Term Disability Insurance				11,114	(11,114)
Post-Retirement Medical Contributions				4,300,785	(4,300,785)
On-behalf Reimbursed TPAF Social Security (Non-budgeted)	-	-	-	4,259,297	(4,259,297)
Total On-Behalf TPAF Contributions	-	-	-	20,164,180	(20,164,180)
Total Undistributed Expenditures	92,387,585	(807,862)	91,579,723	104,970,684	(13,390,961)
Interest Earned on Maintenance Reserve	500	(500)	-	-	-
Total Current Expenditures	143,220,937	1,735,564	144,956,501	156,855,957	(11,899,456)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	7,900	2,945	10,845	2,300	8,545
Special Education - Instruction					
Learning and/or Language Disabilities	15,000	(6,000)	9,000		9,000
School-Sponsored and Other Instructional Programs	8,800	(774)	8,026	6,789	1,237
Undistributed Expenditures					
Instruction	4,249	(1,748)	2,501		2,501
Support Services- Child Study Teams		22,800	22,800	22,800	
School Admin		8,000	8,000	8,000	
Required Maintenance		200,000	200,000	151,080	48,920
Care and Upkeep of Grounds		36,000	36,000		36,000
Security		37,249	37,249		37,249
School Buses- Regular	-	132,672	132,672	132,672	-
Total Equipment	35,949	431,144	467,093	323,641	143,452

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		\$ 136,279	\$ 136,279	\$ 42,100	\$ 94,179
Other Purchased Professional and Technical Services		235,274	235,274	205,007	30,267
Construction Services	\$ 1,281,000	836,800	2,117,800	1,461,453	656,347
Assessment for Debt Service on SDA Funding	166,967	-	166,967	150,270	16,697
Total Facilities Acquisition and Construction Services	<u>1,447,967</u>	<u>1,208,353</u>	<u>2,656,320</u>	<u>1,858,830</u>	<u>797,490</u>
Interest Deposit to Capital Reserve	<u>1,500</u>	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Outlay	<u>1,485,416</u>	<u>1,637,997</u>	<u>3,123,413</u>	<u>2,182,471</u>	<u>940,942</u>
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Transfer of Funds to Charter Schools	<u>16,000,000</u>	<u>(521,904)</u>	<u>15,478,096</u>	<u>15,472,397</u>	<u>5,699</u>
Total Transfer of Funds to Charter Schools	<u>16,000,000</u>	<u>(521,904)</u>	<u>15,478,096</u>	<u>15,472,397</u>	<u>5,699</u>
Total Expenditures	<u>160,706,353</u>	<u>2,851,657</u>	<u>163,558,010</u>	<u>174,510,825</u>	<u>(10,952,815)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(3,569,820)</u>	<u>(2,851,657)</u>	<u>(6,421,477)</u>	<u>4,018,491</u>	<u>10,439,968</u>
OTHER FINANCING SOURCES/(USES)					
Transfer In				65,122	65,122
Transfer to Capital Projects Fund (Capital Reserve)	(4,075,000)	750,000	(3,325,000)	(3,325,000)	-
Transfer to Capital Projects Fund (Capital Outlay)		(1,158,091)	(1,158,091)	(1,158,091)	-
Transfer To Special Revenue Fund	(246,000)	246,000	-	-	-
Total Other Financing Sources/(Uses)	<u>(4,321,000)</u>	<u>(162,091)</u>	<u>(4,483,091)</u>	<u>(4,417,969)</u>	<u>65,122</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(7,890,820)</u>	<u>(3,013,748)</u>	<u>(10,904,568)</u>	<u>(399,478)</u>	<u>10,505,090</u>
Fund Balances, Beginning of Year	<u>22,481,735</u>	<u>-</u>	<u>22,481,735</u>	<u>22,481,735</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 14,590,915</u>	<u>\$ (3,013,748)</u>	<u>\$ 11,577,167</u>	<u>\$ 22,082,257</u>	<u>\$ 10,505,090</u>
Recapitulation :					
Restricted					
Excess Surplus (2021/22 Budget)				2,420,128	
Excess Surplus - Designated for Subsequent Year's Budget (2020/21)				1,950,000	
Capital Reserve				6,065,693	
Capital Reserve- Designated for Subsequent Year's Budget (2020/21)				3,585,000	
Maintenance Reserve				2,031,420	
Emergency Reserve				1,000,000	
Committed					
Purchases on Order				560,940	
Assigned					
Purchases on Order				665,794	
Designated for Subsequent Year's Budget (2020/21)				389,844	
Unassigned				<u>3,413,438</u>	
Fund Balance (Budgetary Basis)				22,082,257	
Les: 2019/2020 State Aid Payments Not Recognized on GAAP Basis				<u>(2,835,711)</u>	
Fund Balance (GAAP Basis)				<u>\$ 19,246,546</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 6,348,835	\$ 283,681	\$ 6,632,516	\$ 5,177,694	\$ (1,454,822)
Federal	3,191,618	1,435,987	4,627,605	3,369,275	(1,258,330)
Local Sources					
Miscellaneous	-	70,700	70,700	22,803	(47,897)
Total Revenues	<u>9,540,453</u>	<u>1,790,368</u>	<u>11,330,821</u>	<u>8,569,772</u>	<u>(2,761,049)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	2,174,367	5,001	2,179,368	1,984,898	194,470
Salaries of Other Professional Staff		496,017	496,017	304,000	192,017
Other Salaries for Instruction	1,158,197	(11,236)	1,146,961	895,487	251,474
Other Salaries		361,136	361,136	301,010	60,126
Purchased Prof and Technical Services	187,920	40,245	228,165	84,626	143,539
Purchased Professional/Educational Services	455,303	(203,843)	251,460	200,675	50,785
Other Purchased Services	40,000	200,000	240,000	90,000	150,000
General Supplies	227,061	674,520	901,581	405,095	496,486
Textbooks	68,682	68,682	68,682	57,981	10,701
Other Objects	254,269	(251,185)	3,084	2,700	384
Total Instruction	<u>4,497,117</u>	<u>1,379,337</u>	<u>5,876,454</u>	<u>4,326,472</u>	<u>1,549,982</u>
Support Services					
Salaries of Supervisors of Instruction	128,024	9,470	137,494	127,494	10,000
Salaries of Program Directors		234,027	234,027	234,394	(367)
Salaries of Other Professional Staff	100,000	(49,537)	50,463	-	50,463
Salaries of Secretarial and Clerical Asst.	32,501		146,023	112,532	33,491
Other Salaries		96,812	96,812	55,212	41,600
Salaries of Master Teachers	244,211	8,469	252,680	225,254	27,426
Personal Services-Employee Benefits	1,056,992	1,248,982	2,305,974	1,996,894	309,080
Purchased Professional/Educational Services		436,472	436,472	436,305	167
Purchased Professional & Technical Services	33,500	252,790	286,290	250,348	35,942
Other Purchased Professional- Educational Services	-	233,181	233,181	148,179	85,002
Contracted Services-Transportation	432,139	156,149	588,288	475,527	112,761
Other Purchased Services	25,000	135,707	160,707	76,591	84,116
Supplies and Materials	110,404	46,778	157,182	97,790	59,392
Other Objects	3,000,549	(2,996,549)	4,000	-	4,000
Total Support Services	<u>5,163,320</u>	<u>(73,727)</u>	<u>5,089,593</u>	<u>4,236,520</u>	<u>853,073</u>
Facilities Acquisition and Construction					
Instructional Equipment	126,016	35,401	161,417	-	161,417
Non-Instructional Equipment	-	203,357	203,357	6,780	196,577
Total Facilities Acq. & Construction	<u>126,016</u>	<u>238,758</u>	<u>364,774</u>	<u>6,780</u>	<u>357,994</u>
Total Expenditures	<u>9,786,453</u>	<u>1,544,368</u>	<u>11,330,821</u>	<u>8,569,772</u>	<u>2,761,049</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>(246,000)</u>	<u>246,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources					
Transfer In - General Fund	246,000	(246,000)	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Reconciliation to Governmental Funds Statements (GAAP):					
Fund Balance (Budgetary Basis), End of Year				\$ -	
Final 2019/2020 State Aid Payments Not Recognized on GAAP Basis				<u>(497,877)</u>	
Fund Balance (GAAP Basis), End of Year				<u>\$ (497,877)</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 178,529,316	\$ 8,569,772
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2019		11,170
Encumbrances, June 30, 2020		(352,242)
State Aid Payments recognized for GAAP purposes not recognized for Budgetary statements (2018/2019 State Aid)	3,007,173	
State Aid Payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year (2019/2020 State Aid)	<u>(2,835,711)</u>	<u>(497,877)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 178,700,778</u>	<u>\$ 7,730,823</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 174,510,825</u>	<u>\$ 8,569,772</u>
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2020	<u>-</u>	11,170 <u>(352,242)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 174,510,825</u>	<u>\$ 8,228,700</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POSTEMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Seven Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.22614%	0.23090%	0.22235%	.21796%	.22744%	.22739%	.22238%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 40,746,829</u>	<u>\$ 45,462,208</u>	<u>\$ 51,759,670</u>	<u>\$ 64,552,218</u>	<u>\$ 51,054,809</u>	<u>\$ 42,572,869</u>	<u>\$ 42,502,178</u>
District's Covered Payroll	<u>\$ 16,458,036</u>	<u>\$ 15,942,681</u>	<u>\$ 15,947,892</u>	<u>\$ 15,140,829</u>	<u>\$ 15,066,990</u>	<u>\$ 15,250,010</u>	<u>\$ 15,284,217</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	248%	285%	325%	426%	339%	279%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,199,678	\$ 2,296,666	\$ 2,059,841	\$ 1,936,287	\$ 1,955,339	\$ 1,874,537	\$ 1,675,625
Contributions in Relation to the Contractually Required Contribution	<u>2,199,678</u>	<u>2,296,666</u>	<u>2,059,841</u>	<u>1,936,287</u>	<u>1,955,339</u>	<u>1,874,537</u>	<u>1,675,625</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 17,124,714</u>	<u>\$ 16,458,036</u>	<u>\$ 15,942,681</u>	<u>\$ 15,947,892</u>	<u>\$ 15,140,829</u>	<u>\$ 15,066,990</u>	<u>\$ 15,284,217</u>
Contributions as a Percentage of Covered Payroll	13%	14%	13%	12%	13%	12%	11%

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

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

Teachers Pension and Annuity Fund

Last Seven Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 323,508,309</u>	<u>\$ 339,405,337</u>	<u>\$ 348,623,835</u>	<u>\$ 405,403,933</u>	<u>\$ 334,421,129</u>	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
Total	<u>\$ 323,508,309</u>	<u>\$ 339,405,337</u>	<u>\$ 348,623,835</u>	<u>\$ 405,403,933</u>	<u>\$ 334,421,129</u>	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
District's Covered Payroll	<u>\$ 57,232,195</u>	<u>\$ 54,724,475</u>	<u>\$ 55,248,712</u>	<u>\$ 53,372,315</u>	<u>\$ 51,907,424</u>	<u>\$ 51,889,123</u>	<u>\$ 51,771,553</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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

Changes in Benefit Terms:

None.

Changes of Assumptions

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

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

Postemployment Health Benefit Plan

Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 9,572,781	\$ 10,648,611	\$ 12,978,426
Interest on Total OPEB Liability	8,831,577	9,413,944	8,047,596
Differences Between Expected and Actual Experiences	(31,951,604)	(22,392,077)	
Changes of Assumptions	3,057,470	(25,436,444)	(33,708,575)
Gross Benefit Payments	(6,294,749)	(5,927,077)	(6,259,886)
Contribution from the Member	<u>186,584</u>	<u>204,855</u>	<u>230,505</u>
Net Change in Total OPEB Liability	(16,597,941)	(33,488,188)	(18,711,934)
Total OPEB Liability - Beginning of Year	<u>221,658,545</u>	<u>255,146,733</u>	<u>273,858,667</u>
Total OPEB Liability - End of Year	<u>\$ 205,060,604</u>	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
District's Proportionate Share of OPEB Liability	-	-	-
State's Proportionate Share of OPEB Liability	<u>\$ 205,060,604</u>	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
Total OPEB Liability - End of Year	<u>\$ 205,060,604</u>	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
District's Covered Payroll	<u>\$ 73,690,231</u>	<u>\$ 70,667,156</u>	<u>\$ 71,196,604</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%

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

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

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

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

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Nonpublic											IDEA Part B- Preschool	Page 2 Totals	Grand Totals		
	Security	Nursing	Textbooks	Suppl.Inst.	Compens. Education	ESL	Exam. and Class.	Corrective Speech	Technology	Home Instruction	Transportation					
REVENUES																
Intergovernmental																
State	\$ 63,155	\$ 127,591	\$ 57,981	\$ 28,737	\$ 53,620	\$ 2,895	\$ 34,931	\$ 27,160	\$ 30,436	\$ 541	\$ 7,635		\$ 4,743,012	\$ 5,177,694		
Federal												\$ 64,778	3,304,497	3,369,275		
Local																
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	22,803	22,803		
Total Revenues	\$ 63,155	\$ 127,591	\$ 57,981	\$ 28,737	\$ 53,620	\$ 2,895	\$ 34,931	\$ 27,160	\$ 30,436	\$ 541	\$ 7,635	\$ 64,778	\$ 8,070,312	\$ 8,569,772		
EXPENDITURES																
Instruction																
Salaries of Teachers												\$ 64,610	\$ 1,920,288	\$ 1,984,898		
Salaries of Other Professional Staff													304,000	304,000		
Other Salaries for Instruction													895,487	895,487		
Other Salaries													301,010	301,010		
Purchased Technical Services														-		
Purchased Prof. and Technical Services	\$ 63,155												21,471	84,626		
Purchased Prof- Educational Services				\$ 28,737	\$ 53,620	\$ 2,895	\$ 34,931	\$ 27,160	\$ 30,436	\$ 541	\$ 7,635		14,720	200,675		
Purchased Prof- Contracted Pre-K													-	-		
Other Purchased Services													90,000	90,000		
General Supplies													405,095	405,095		
Textbooks			\$ 57,981										-	57,981		
Other Objects													2,700	2,700		
Total Instruction	63,155	-	57,981	28,737	53,620	2,895	34,931	27,160	30,436	541	7,635	64,610	3,954,771	4,326,472		
Support Services																
Salaries of Supervisors of Instruction														127,494	127,494	
Salaries of Program Directors														234,394	234,394	
Salaries of Secretarial and Clerical Asst.														112,532	112,532	
Other Salaries for Instruction														-	-	
Other Salaries														55,212	55,212	
Salaries of Master Teachers														225,254	225,254	
Personal Services - Employee Benefits													168	1,996,726	1,996,894	
Purchased Prof. and Educational Svcs														436,305	436,305	
Other Purchased Professional- Educational Services		\$ 127,591												20,588	148,179	
Purchased Prof. and Technical Svcs														250,348	250,348	
Contracted Services- Transportation														475,527	475,527	
Other Purchased Services														76,591	76,591	
Supplies and Materials														97,790	97,790	
Other Objects														-	-	
Total Support Services	-	127,591	-	-	-	-	-	-	-	-	-	168	4,108,761	4,236,520		
Facilities Acquisition and Construction Services																
Non-Instructional Equipment														6,780	6,780	
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-	-	-	-	6,780	6,780		
Total Special Revenue Expenditures	\$ 63,155	\$ 127,591	\$ 57,981	\$ 28,737	\$ 53,620	\$ 2,895	\$ 34,931	\$ 27,160	\$ 30,436	\$ 541	\$ 7,635	\$ 64,778	\$ 8,070,312	\$ 8,569,772		
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Financing Sources																
Transfer In - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Donations</u>		<u>IDEA</u>	<u>ESEA</u>	<u>ESEA</u>	<u>ESEA</u>	<u>ESEA Title III</u>	<u>Preschool</u>	<u>Page 2</u>
	<u>Local</u>	<u>CARES</u>							
	<u>Programs</u>	<u>Emergency Relief</u>						<u>Aid</u>	
REVENUES									
Intergovernmental									
State								\$ 4,743,012	\$ 4,743,012
Federal		\$ 169,218	\$ 1,944,980	\$ 759,406	\$ 246,939	\$ 161,231	\$ 22,723		3,304,497
Local									
Miscellaneous	\$ 22,803	-	-	-	-	-	-	-	22,803
Total Revenues	\$ 22,803	\$ 169,218	\$ 1,944,980	\$ 759,406	\$ 246,939	\$ 161,231	\$ 22,723	\$ 4,743,012	\$ 8,070,312
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 7,258		\$ 260,656	\$ 138,125				\$ 1,514,249	\$ 1,920,288
Salaries of Other Professional Staff				230,907		\$ 73,093			304,000
Other Salaries for Instruction			354,387					541,100	895,487
Other Salaries	152		300,858						301,010
Purchased Prof. and Technical Services				21,471					21,471
Purchased Prof. and Educational Services								14,720	14,720
Purchased Professional Services- Contracted Pre-K									-
Other Purchased Services		\$ 90,000							90,000
General Supplies	13,443	28,319	31,742	132,464		19,626	\$ 22,723	156,778	405,095
Textbooks									-
Other Objects	1,950	-	-	-	-	-	-	750	2,700
Total Instruction	22,803	118,319	947,643	522,967	-	92,719	22,723	2,227,597	3,954,771
Support Services									
Salaries of Supervisors of Instruction								127,494	127,494
Salaries of Program Directors			200,692		\$ 33,702				234,394
Salaries of Secretarial and Clerical Asst.			65,423					47,109	112,532
Other Salaries for Instruction									-
Salaries of Non-Instructional Aides									-
Other Salaries			55,212						55,212
Salaries of Master Teachers								225,254	225,254
Personal Services - Employee Benefits			284,654	70,621	12,237	7,728		1,621,486	1,996,726
Purchased Prof- Educational Svcs			391,356	10,092		34,857			436,305
Purchased Prof. and Technical Svcs				92,158	158,190				250,348
Other Purchased Professional-Educational Services								20,588	20,588
Contracted Services- Transportation				735		25,927		448,865	475,527
Other Purchased Services				36,661	39,054			876	76,591
Supplies and Materials		44,119		26,172	3,756			23,743	97,790
Other Objects									-
Total Support Services	-	44,119	997,337	236,439	246,939	68,512	-	2,515,415	4,108,761
Facilities Acquisition and Construction Services									
Non-Instructional Equipment		6,780							6,780
Total Facilities Acquisition and Construction Services	-	6,780	-	-	-	-	-	-	6,780
Total Special Revenue Expenditures	\$ 22,803	\$ 169,218	\$ 1,944,980	\$ 759,406	\$ 246,939	\$ 161,231	\$ 22,723	\$ 4,743,012	\$ 8,070,312
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-	-	-	-	-
Other Financing Sources									
Transfer In - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>DISTRICT-WIDE</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Salaries of Teachers	\$ 1,685,102	\$ 1,514,249	\$ 170,853
Other Salaries for Instruction	812,155	541,100	271,055
Purchased Professional and Educational Services	40,000	14,720	25,280
General Supplies	520,000	156,778	363,222
Other Objects	750	750	-
	<u>3,058,007</u>	<u>2,227,597</u>	<u>830,410</u>
Total Instruction			
Support Services			
Salaries of Supervisor of Instruction	137,494	127,494	10,000
Salaries of Secretarial and Clerical Asst.	79,808	47,109	32,699
Salaries of Other Professional Staff	25,000		25,000
Salaries of Master Teachers	252,680	225,254	27,426
Personal Services - Employee Benefits	1,623,875	1,621,486	2,389
Other Purchased Professional- Educational Services	100,000	20,588	79,412
Contracted Services- Transportation (Between Home & School)	496,000	448,865	47,135
Contracted Services- Transportation (Field Trips)	13,500		13,500
Other Purchased Services	14,370	876	13,494
General Supplies	45,000	23,743	21,257
	<u>2,787,727</u>	<u>2,515,415</u>	<u>272,312</u>
Total Support Services			
Facilities, Acquisition and Construction Services			
Instructional Equipment	161,417	-	161,417
	<u>161,417</u>	<u>-</u>	<u>161,417</u>
Total Facilities, Acquisition and Construction Services			
Total Expenditures	<u>\$ 6,007,151</u>	<u>\$ 4,743,012</u>	<u>\$ 1,264,139</u>

SUMMARY OF LOCATION TOTALS

Total 2019-2020 Preschool Education Aid Allocation	\$ 4,978,792
Add: Budgeted Transfer from General Fund- 2019/2020 Inclusion	
Actual Preschool Education Carryover (June 30, 2019)	<u>1,761,228</u>
Total Preschool Education Aid Funds Available for 2019-2020 Budget	6,740,020
Less: 2019-2020 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>6,007,151</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2020	732,869
Add: 2019-2020 Unexpended Preschool Education Aid	<u>1,264,139</u>
2019-2020 Actual Carryover - Preschool Education Aid	<u>\$ 1,997,008</u>
2019-2020 Preschool Education Aid Carryover Budgeted in 2020-2021	<u>\$ 1,761,226</u>

CAPITAL PROJECTS FUND

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Adjustment- SDA Grant</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2020</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Sampson G. Smith HVAC	\$ 200,120		\$ 184,889		\$ 15,231
Energy Savings Incentive Program	7,735,000		7,543,611	\$ 78,848	112,541
Various renovations, alterations and improvements to all district schools- 2014 Referendum	87,811,464	\$ (256,195)	80,063,721	3,043,735	4,447,813
Sampson G. Smith- Girls Locker Room	567,375		117,491		449,884
Franklin High School- Paving	70,000		32,147		37,853
Franklin Park School- Paving	46,880		22,162	-	24,718
Franklin High School- Concession Stand	1,302,983		1,255,883	47,100	-
Sampson G. Smith- Kitchen	908,940	-	879,678		29,262
Franklin High School Tennis Courts	1,098,027	-	919,018	-	179,009
FY 20 Various Capital Improvements	<u>4,483,091</u>	<u>-</u>	<u>-</u>	<u>2,791,265</u>	<u>1,691,826</u>
	<u>\$ 104,223,880</u>	<u>\$ (256,195)</u>	<u>\$ 91,018,600</u>	<u>\$ 5,960,948</u>	<u>\$ 6,988,137</u>
Project Balances					\$ 6,988,137
Reserve for Payment of Lease Purchase					5,038
Debt Authorized But Not Issued					(257)
Unrealized SDA Grant					<u>(79,705)</u>
Fund Balance- GAAP Basis					<u>\$ 6,913,213</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted					
Capital Projects					\$ 5,501,005
Debt Service					5,038
Committed					
Purchases on Order					<u>1,407,170</u>
Total Fund Balance-Restricted for Capital Projects					<u>\$ 6,913,213</u>

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

Revenues and Other Financing Sources**Revenues**

Interest on Lease Purchase Proceeds	\$ 312
Interest on Referendum Proceeds	65,122

Other Financing Sources

Transfer from Capital Reserve	3,325,000
Transfer from Capital Outlay	<u>1,158,091</u>

Total Revenues and Other Financing Sources	<u>4,548,525</u>
--	------------------

Expenditures and Other Financing Uses**Expenditures**

Purchased Professional and Technical Services	366,551
Rentals	7,149
Construction Services	5,572,835
Supplies	14,413

Other Financing Uses

Transfer to General Fund-Interest Earnings on Referendum Proceeds (Capital Reserve)	<u>65,122</u>
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Total Expenditures and Other Financing Uses	<u>6,026,070</u>
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Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,477,545)
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Fund Balance - Beginning of Year	<u>8,470,463</u>
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Fund Balance - End of Year	<u>6,992,918</u>
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Reconciliation to GAAP

Unearned Revenue - SDA Grant	<u>(79,705)</u>
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Fund Balance- End of Year GAAP Basis	<u>\$ 6,913,213</u>
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Analysis of Fund Balance:

Restricted for Capital Projects	\$ 5,501,005
Restricted for Debt Service	5,038
Committed- Purchases on Order	<u>1,407,170</u>

	<u>\$ 6,913,213</u>
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH HVAC UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Additional Project Information:

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

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ENERGY SAVINGS INCENTIVE PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Lease Purchase Proceeds	\$ 7,535,000		\$ 7,535,000	\$ 7,535,000
Transfer from Capital Reserve	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
 Total Revenues and Other Financing Sources	 <u>7,735,000</u>	 <u>-</u>	 <u>7,735,000</u>	 <u>7,735,000</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	1,474,581	\$ 4,307	1,478,888	1,478,888
Construction Services	<u>6,069,030</u>	<u>74,541</u>	<u>6,143,571</u>	<u>6,256,112</u>
 Total Expenditures and other Financing Uses	 <u>7,543,611</u>	 <u>78,848</u>	 <u>7,622,459</u>	 <u>7,735,000</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	<u>\$ 191,389</u>	<u>\$ (78,848)</u>	<u>\$ 112,541</u>	<u>\$ -</u>

Additional Project Information:

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

Percentage Completion	98.55%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2019/2020

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS RENOVATIONS, ALTERATIONS AND IMPROVEMENTS TO ALL DISTRICT SCHOOLS (REFERENDUM)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 81,480,000		\$ 81,480,000	\$ 81,480,000
State Sources- SDA Grant	3,160,874		3,160,874	3,160,874
Transfer from Capital Reserve	2,914,140	-	2,914,140	2,914,140
	<u>87,555,014</u>	<u>-</u>	<u>87,555,014</u>	<u>87,555,014</u>
EXPENDITURES AND OTHER FINANCING USES				
Salaries	51,628		51,628	
Purchased Professional and Technical Services	7,672,105	216,412	7,888,517	
Rentals	2,164	7,149	9,313	
Construction Services	70,152,242	2,805,761	72,958,003	87,555,014
Equipment	67,791		67,791	
Supplies	1,393,924	14,413	1,408,337	
Other Objects	723,869	-	723,869	-
	<u>80,012,095</u>	<u>3,043,735</u>	<u>83,107,458</u>	<u>87,555,014</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	<u>\$ 7,542,919</u>	<u>\$ (3,043,735)</u>	<u>\$ 4,447,556</u>	<u>\$ -</u>

Additional Project Information:

Project Number	Various - See Below
Grant Date	Various - See Below
Bond Issue Date	2/26/2015
Bonds Issued	\$ 81,480,000
Original Authorized Cost	\$ 84,897,326
Revised Authorized Cost	\$ 87,555,014
Percentage Completion	97.9%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2020/2021

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH- GIRLS LOCKER ROOM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 567,375	-	\$ 567,375	\$ 567,375
Total Revenues and Other Financing Sources	<u>567,375</u>	<u>-</u>	<u>567,375</u>	<u>567,375</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	7,750		7,750	49,875
Construction Services	<u>109,741</u>	<u>-</u>	<u>109,741</u>	<u>517,500</u>
Total Expenditures and other Financing Uses	<u>117,491</u>	<u>-</u>	<u>117,491</u>	<u>567,375</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 449,884</u>	<u>\$ -</u>	<u>\$ 449,884</u>	<u>\$ -</u>

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL- PAVING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 70,000	-	\$ 70,000	\$ 70,000
Total Revenues and Other Financing Sources	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	32,147		32,147	32,147
Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,853</u>
Total Expenditures and other Financing Uses	<u>32,147</u>	<u>-</u>	<u>32,147</u>	<u>70,000</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 37,853</u>	<u>\$ -</u>	<u>\$ 37,853</u>	<u>\$ -</u>

Additional Project Information:

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

Percentage Completion	46%
Original Target Completion Date	2017/18
Revised Target Completion Date	2020/21

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
FRANKLIN PARK SCHOOL- PAVING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 50,000	\$ (3,120)	\$ 46,880	\$ 46,880
Total Revenues and Other Financing Sources	<u>50,000</u>	<u>(3,120)</u>	<u>46,880</u>	<u>46,880</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	22,162		22,162	22,612
Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,268</u>
Total Expenditures and other Financing Uses	<u>22,162</u>	<u>-</u>	<u>22,162</u>	<u>46,880</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 27,838</u>	<u>\$ (3,120)</u>	<u>\$ 24,718</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 50,000
Revised Authorized Cost	\$ 46,880
Percentage Completion	44.3%
Original Target Completion Date	2017/18
Revised Target Completion Date	2020/21

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL CONCESSION STAND
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 1,270,000	\$ 32,983	\$ 1,302,983	\$ 1,302,983
Total Revenues and Other Financing Sources	<u>1,270,000</u>	<u>32,983</u>	<u>1,302,983</u>	<u>1,302,983</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	80,049		80,049	80,049
Construction Services	1,147,852	47,100	1,194,952	1,194,952
Equipment	27,982	-	27,982	27,982
Total Expenditures and other Financing Uses	<u>1,255,883</u>	<u>47,100</u>	<u>1,302,983</u>	<u>1,302,983</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 14,117</u>	<u>\$ (14,117)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Lease Purchase Proceeds	N/A
Original Authorized Cost	\$ 70,000
Revised Authorized Cost	\$ 1,302,983
Percentage Completion	100%
Original Target Completion Date	2017/18
Revised Target Completion Date	2019/20

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH-KITCHEN UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 654,000	\$ (29,210)	\$ 624,790	\$ 624,790
Transfer from Food Service Enterprise Fund	<u>284,150</u>	<u>-</u>	<u>284,150</u>	<u>284,150</u>
Total Revenues and Other Financing Sources	<u>938,150</u>	<u>(29,210)</u>	<u>908,940</u>	<u>908,940</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	4,246		4,246	4,246
Construction Services	<u>875,432</u>	<u>-</u>	<u>875,432</u>	<u>904,694</u>
Total Expenditures and other Financing Uses	<u>879,678</u>	<u>-</u>	<u>879,678</u>	<u>908,940</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 58,472</u>	<u>\$ (29,210)</u>	<u>\$ 29,262</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 484,150
Revised Authorized Cost	\$ 908,940

Percentage Completion	96.8%
Original Target Completion Date	2017/18
Revised Target Completion Date	2018/19

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL- TENNIS COURTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 1,098,680	\$ (653)	\$ 1,098,027	\$ 1,098,027
Total Revenues and Other Financing Sources	<u>1,098,680</u>	<u>(653)</u>	<u>1,098,027</u>	<u>1,098,027</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	107,534		107,534	126,975
Construction Services	811,484		811,484	849,043
Other Purchased Property Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,009</u>
Total Expenditures and other Financing Uses	<u>919,018</u>	<u>-</u>	<u>919,018</u>	<u>1,098,027</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 179,662</u>	<u>\$ (653)</u>	<u>\$ 179,009</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,098,680
Revised Authorized Cost	\$ 1,098,027

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS CAPITAL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Outlay		\$ 1,158,091	\$ 1,158,091	\$ 1,158,091
Transfer from Capital Reserve	\$ -	3,325,000	3,325,000	3,325,000
 Total Revenues and Other Financing Sources	 -	 4,483,091	 4,483,091	 4,483,091
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services		145,832	145,832	372,750
Construction Services	-	2,645,433	2,645,433	4,110,341
 Total Expenditures and other Financing Uses	 -	 2,791,265	 2,791,265	 4,483,091
 Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 \$ -	 \$ 1,691,826	 \$ 1,691,826	 \$ -

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 4,483,091
Revised Authorized Cost	\$ 4,483,091

Percentage Completion	62%
Original Target Completion Date	2020/2021
Revised Target Completion Date	2020/2021

ENTERPRISE FUNDS

EXHIBIT G-1

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 261,250	\$ 3,778,416	\$ 4,039,666
Total Assets	<u>\$ 261,250</u>	<u>\$ 3,778,416</u>	<u>\$ 4,039,666</u>
LIABILITIES			
Accrued Salaries & Wages		\$ 3,710,883	\$ 3,710,883
Payroll Deductions and Withholdings		8,213	8,213
Flexible Spending Plan Account		59,320	59,320
Due to Student Groups	<u>\$ 261,250</u>	<u>-</u>	<u>261,250</u>
Total Liabilities	<u>\$ 261,250</u>	<u>\$ 3,778,416</u>	<u>\$ 4,039,666</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

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

	Balance, July 1, <u>2019</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2020</u>
ELEMENTARY SCHOOLS				
Franklin Park	\$ 3,383	\$ 2,875	\$ 774	\$ 5,484
Sampson G. Smith	37,612	37,189	35,620	39,181
 MIDDLE SCHOOL				
	9,185	27,422	25,678	10,929
 HIGH SCHOOL				
	184,289	151,854	163,420	172,723
 ATHLETICS				
	<u>32,630</u>	<u>87,587</u>	<u>87,284</u>	<u>32,933</u>
 Total				
	<u>\$ 267,099</u>	<u>\$ 306,927</u>	<u>\$ 312,776</u>	<u>\$ 261,250</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PAYROLL AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Balance, July 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2020</u>
Payroll Deductions and Withholdings	\$ 776,318	\$ 44,646,107	\$ 45,414,212	\$ 8,213
Flexible Spending Plan Account	45,278	185,961	171,919	59,320
Accrued Salaries and Wages	3,799,439	104,628,454	104,717,010	3,710,883
Due to Other Funds	<u>5,788</u>	<u>-</u>	<u>5,788</u>	<u>-</u>
	<u>\$ 4,626,823</u>	<u>\$ 149,460,522</u>	<u>\$ 150,308,929</u>	<u>\$ 3,778,416</u>

LONG-TERM DEBT

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2019</u>	<u>Decreased</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	6/25/2009	\$ 24,970,000	8/15/2020-21	\$ 2,340,000	5.000%	\$ 9,395,000	\$ 2,335,000	\$ 7,060,000
			8/15/2022	1,335,000	5.000%			
			8/15/2022	1,000,000	4.000%			
			8/15/2023	45,000	4.000%			
2015 School Bonds	2/10/2015	\$ 81,480,000	2/1/2021	3,775,000	3.000%	71,885,000	3,685,000	68,200,000
			2/1/2022	3,880,000	3.000%			
			2/1/2023	3,985,000	3.000%			
			2/1/2024	4,105,000	3.000%			
			2/1/2025	4,230,000	3.000%			
			2/1/2026	4,360,000	3.000%			
			2/1/2027	4,500,000	3.000%			
			2/1/2028	4,640,000	3.000%			
			2/1/2029	4,785,000	3.000%			
			2/1/2030	4,940,000	3.000%			
			2/1/2031	5,000,000	3.000%			
			2/1/2032	5,000,000	3.000%			
			2/1/2033	5,000,000	3.125%			
			2/1/2034	5,000,000	3.250%			
			2/1/2035	5,000,000	4.000%			
Refunding School Bonds	5/26/2016	\$ 8,700,000	8/15/2023	2,160,000	3.000%	<u>8,700,000</u>	<u>-</u>	<u>8,700,000</u>
			8/15/2024	2,220,000	3.000%			
			8/15/2025	2,180,000	4.000%			
			8/15/2026	2,140,000	4.000%			
						<u>\$ 89,980,000</u>	<u>\$ 6,020,000</u>	<u>\$ 83,960,000</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR JUNE 30, 2020**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
Lease Purchase Agreement - ESIP	2.747%	\$ 7,534,000	\$ 6,766,000		\$ 259,000	\$ 6,507,000
Chrome Books- 2019 (supplies)	2.857%	2,110,693	1,564,482		506,875	1,057,607
MacBooks- 2019 (supplies)	0.000%	1,184,521	888,391	-	296,130	592,261
		<u>\$ 10,829,214</u>	<u>\$ 9,218,873</u>	<u>\$ -</u>	<u>\$ 1,062,005</u>	<u>\$ 8,156,868</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance-Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 8,010,008	-	\$ 8,010,008	\$ 8,010,008	-
State Sources					
Debt Service Aid	<u>940,417</u>	<u>-</u>	<u>940,417</u>	<u>940,417</u>	<u>-</u>
Total Revenues	<u>8,950,425</u>	<u>-</u>	<u>8,950,425</u>	<u>8,950,425</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Principal	6,020,000	-	6,020,000	6,020,000	-
Interest on Bonds	<u>2,930,425</u>	<u>-</u>	<u>2,930,425</u>	<u>2,930,425</u>	<u>-</u>
Total Expenditures	<u>8,950,425</u>	<u>-</u>	<u>8,950,425</u>	<u>8,950,425</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 51,187,383	\$ 52,508,130	\$ 57,429,491	\$ 56,162,752	\$ 65,459,896	\$ 73,391,280	\$ 78,178,024	\$ 82,444,687	\$ 82,813,828	\$ 80,580,044
Special Education	25,441,211	25,023,891	27,728,427	26,765,570	30,420,992	30,163,329	32,394,349	32,967,859	30,753,643	32,483,731
Vocational- Tuition	313,672	250,761	194,464	200,630	155,650	215,633	207,875	213,482	261,392	259,942
Other Instruction	4,702,223	5,248,842	5,412,521	5,728,808	6,549,875	4,264,395	8,437,515	8,350,055	8,976,461	8,602,534
School Sponsored Activities And Athletics	1,552,538	1,754,456	1,771,383	1,792,310	2,231,855	2,961,270	2,576,267	2,591,286	2,411,582	2,316,645
Support Services:										
Student & Instruction Related Services	19,965,665	19,962,740	19,802,557	18,398,799	18,343,728	21,534,055	23,648,296	25,286,241	25,575,140	24,335,526
School Administrative Services	5,950,228	6,372,457	6,913,611	7,080,686	8,091,290	8,048,181	9,044,353	9,386,829	9,576,676	9,556,210
General Administration	2,201,551	2,279,687	2,735,360	2,547,296	2,268,730	2,519,964	2,602,963	2,959,436	2,714,208	2,912,838
Central Services										
Plant Operations And Maintenance	14,312,598	13,224,205	13,992,340	14,556,907	16,484,904	17,306,672	17,727,151	18,678,318	23,154,959	19,755,230
Administrative Information Technology										
Pupil Transportation	12,834,232	13,034,098	13,875,038	14,071,942	14,119,145	13,746,290	14,113,143	14,050,861	13,316,912	12,764,018
Other Support Services	2,636,473	2,737,984	3,008,990	3,203,842	3,302,460	3,086,455	3,962,167	4,328,175	4,019,780	2,963,546
Special Schools										
Interest On Long-Term Debt	1,991,040	1,857,458	1,631,754	1,449,161	2,387,803	3,910,083	3,765,864	3,458,717	3,349,598	3,088,036
Total Governmental Activities Expenses	143,088,814	144,254,709	154,495,936	151,958,703	169,816,328	181,147,607	196,657,967	204,715,946	206,924,179	199,618,300
Business-Type Activities:										
Food Service	2,666,604	2,791,092	3,235,950	3,197,377	3,415,527	3,903,479	3,679,443	3,207,689	3,669,174	3,087,479
Child Care	958,231	884,280	960,597	827,389	724,928	720,952	789,480	818,595	1,052,787	398,804
Other Business-Types	-	4,975	-	-	-	-	-	-	-	-
Total Business-Type Activities Expense	3,624,835	3,680,347	4,196,547	4,024,766	4,140,455	4,624,431	4,468,923	4,026,284	4,721,961	3,486,283
Total District Expenses	\$ 146,713,649	\$ 147,935,056	\$ 158,692,483	\$ 155,983,469	\$ 173,956,783	\$ 185,772,038	\$ 201,126,890	\$ 208,742,230	\$ 211,646,140	\$ 203,104,583
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 133,882	\$ 165,595	\$ 197,090	\$ 224,759	\$ 340,224	\$ 492,641	\$ 501,492	\$ 454,345	\$ 85,455	\$ 283,417
Pupil Transportation	4,113	4,862	2,210	6,713	10,327	17,680	4,041	22,958		
Operations and Maintenance				6,967	14,803	27,219	35,142	22,000	19,365	11,974
Central And Other Support Services	13,911									
Operating Grants And Contributions	19,604,323	21,655,220	24,945,853	23,255,831	37,566,708	43,431,077	55,288,979	61,786,833	53,013,409	49,031,286
Capital Grants And Contributions	238,951	-	-	33,008	681,110	1,966,585	833,578	384,562	859,068	214,128
Total Governmental Activities Program Revenues	19,995,180	21,825,677	25,145,153	23,527,278	38,613,172	45,935,202	56,663,232	62,670,698	53,977,297	49,540,805

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

	2011		2012		2013		2014		Fiscal Year Ended June 30,		2017		2018		2019		2020			
									2015	2016										
Business-Type Activities:																				
Charges For Services																				
Food Service	\$	1,217,436	\$	1,209,131	\$	1,335,967	\$	1,231,275	\$	1,345,128	\$	1,280,300	\$	1,273,769	\$	1,214,783	\$	1,206,869	\$	786,919
Child Care		891,065		887,099		828,992		779,896		892,225		875,555		931,737		787,705		757,065		657,355
Other Business-Types																				
Operating Grants And Contributions		1,494,268		1,663,011		1,790,184		2,159,203		2,306,793		2,613,245		2,677,555		2,521,957		2,478,996		2,005,576
Capital Grants And Contributions		-		-		-		-		-		-		-		-		-		-
Total Business Type Activities Program Revenues		3,602,769		3,759,241		3,955,143		4,170,374		4,544,146		4,769,100		4,883,061		4,524,445		4,442,930		3,449,850
Total District Program Revenues	\$	23,597,949	\$	25,584,918	\$	29,100,296	\$	27,697,652	\$	43,157,318	\$	50,704,302	\$	61,546,293	\$	67,195,143	\$	58,420,227	\$	52,990,655
Net (Expense)/Revenue																				
Governmental Activities	\$	(123,093,634)	\$	(122,429,032)	\$	(129,350,783)	\$	(128,431,425)	\$	(131,203,156)	\$	(135,212,405)	\$	(139,994,735)	\$	(142,045,248)	\$	(152,946,882)	\$	(150,077,495)
Business-Type Activities		(22,066)		78,894		(241,404)		145,608		403,691		144,669		414,138		498,161		(279,031)		(36,433)
Total District-Wide Net Expense	\$	(123,115,700)	\$	(122,350,138)	\$	(129,592,187)	\$	(128,285,817)	\$	(130,799,465)	\$	(135,067,736)	\$	(139,580,597)	\$	(141,547,087)	\$	(153,225,913)	\$	(150,113,928)
General Revenues and Other Changes in Net Position																				
Governmental Activities:																				
Property Taxes Levied For General Purposes, Net	\$	113,522,271	\$	116,566,508	\$	119,844,543	\$	122,328,118	\$	124,774,680	\$	127,310,166	\$	129,856,369	\$	132,453,496	\$	137,531,420	\$	141,128,111
Taxes Levied For Debt Service		5,256,152		5,179,875		4,998,351		4,824,932		4,626,751		6,830,644		8,171,550		8,095,840		7,832,968		8,010,008
Federal and State Aid Unrestricted		5,635,918		5,394,973		5,723,451		5,667,033		5,652,255		5,606,723		6,118,413		6,162,208		6,173,944		6,175,145
Investment Earnings		104,097		20,304		17,668		21,682		53,351		277,087		607,324		517,945		724,612		539,160
Miscellaneous Income		368,633		742,648		229,302		410,355		985,249		327,667		676,348		635,398		1,936,577		623,420
Transfers		-		-		-		-		-		-		179,150		-		-		-
Total Governmental Activities		124,887,071		127,904,308		130,813,315		133,252,120		136,092,286		140,352,287		145,609,154		147,864,887		154,199,521		156,475,844
Business-Type Activities:																				
Investment Earnings		2,427		2,246		2,071		1,985		1,669		2,073		4,792		14,305		37,928		22,414
Miscellaneous Income																				
Transfers		-		-		-		-		-		-		(179,150)		-		-		-
Total Business-Type Activities		2,427		2,246		2,071		1,985		1,669		2,073		(174,358)		14,305		37,928		22,414
Total District-Wide	\$	124,889,498	\$	127,906,554	\$	130,815,386	\$	133,254,105	\$	136,093,955	\$	140,354,360	\$	145,434,796	\$	147,879,192	\$	154,237,449	\$	156,498,258
Change in Net Position																				
Governmental Activities	\$	1,793,437	\$	5,475,276	\$	1,462,532	\$	4,820,695	\$	4,889,130	\$	5,139,882	\$	5,614,419	\$	5,819,639	\$	1,252,639	\$	6,398,349
Business-Type Activities		(19,639)		81,140		(239,333)		147,593		405,360		146,742		239,780		512,466		(241,103)		(14,019)
Total District	\$	1,773,798	\$	5,556,416	\$	1,223,199	\$	4,968,288	\$	5,294,490	\$	5,286,624	\$	5,854,199	\$	6,332,105	\$	1,011,536	\$	6,384,330

Source: School District's financial statements

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

	2011	2012	2013	2014	Fiscal Year Ended June 30,		2017	2018	2019	2020
					2015	2016				
General Fund										
Reserved										
Unreserved										
Nonspendable	\$ 51,745	\$ 47,811	\$ 98,510	\$ 5,500	\$ 35,335	\$ 21,876	\$ 12,200	\$ 12,200		
Restricted	469,450	2,408,526	1,484,755	5,047,571	7,841,547	13,106,296	16,663,302	17,411,830	\$ 15,718,429	17,052,241
Committed	95,106							694,066	1,841,766	560,940
Assigned	2,178,215	2,055,391	2,200,295	2,036,714	1,189,076	118,255	253,335	832,138	1,219,687	1,055,638
Unassigned	<u>(161,953)</u>	<u>537,201</u>	<u>178,520</u>	<u>201,785</u>	<u>277,833</u>	<u>284,642</u>	<u>580,418</u>	<u>813,838</u>	<u>694,680</u>	<u>577,727</u>
Total General Fund	<u>\$ 2,632,563</u>	<u>\$ 5,048,929</u>	<u>\$ 3,962,080</u>	<u>\$ 7,291,570</u>	<u>\$ 9,343,791</u>	<u>\$ 13,531,069</u>	<u>\$ 17,509,255</u>	<u>\$ 19,764,072</u>	<u>\$ 19,474,562</u>	<u>\$ 19,246,546</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 25,111	\$ 10,124	\$ 2,316,066	\$ 678,169	\$ 90,335,118	\$ 80,207,818	\$ 56,933,623	\$ 19,888,865	\$ 8,183,410	\$ 6,913,213
Unassigned	<u>-</u>	<u>(119,872)</u>	<u>(42,798)</u>	<u>(83,684)</u>	<u>(82,338)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(497,877)</u>
Total All Other Governmental Funds	<u>\$ 25,111</u>	<u>\$ (109,748)</u>	<u>\$ 2,273,268</u>	<u>\$ 594,485</u>	<u>\$ 90,252,780</u>	<u>\$ 80,207,818</u>	<u>\$ 56,933,623</u>	<u>\$ 19,888,865</u>	<u>\$ 8,183,410</u>	<u>\$ 6,415,336</u>

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property Tax Levy	\$118,778,423	\$ 121,746,383	\$ 124,842,894	\$ 127,153,050	\$ 129,401,431	\$134,140,810	\$ 138,027,919	\$ 140,549,336	\$ 145,364,388	\$ 149,138,119
Interest Earnings	104,097	20,304	17,668	21,682	53,351	277,087	607,324	517,945	724,612	539,160
Miscellaneous	559,070	941,205	514,069	656,704	1,351,593	881,268	1,677,775	1,147,666	2,058,835	940,844
State Sources	20,636,160	24,265,977	27,154,099	25,646,793	27,934,086	30,928,420	33,493,455	36,199,353	40,512,536	41,780,760
Federal Sources	4,804,501	2,756,116	3,429,738	3,301,169	3,768,046	3,766,543	3,642,261	3,494,233	3,338,594	3,255,925
Total Revenue	144,882,251	149,729,985	155,958,468	156,779,398	162,508,507	169,994,128	177,448,734	181,908,533	191,998,965	195,654,808
Expenditures										
Instruction										
Regular Instruction	49,798,775	51,260,986	56,143,236	54,732,571	56,656,766	61,155,988	62,041,442	66,453,755	74,343,790	74,198,430
Special Education Instruction	25,009,408	23,478,244	27,328,262	26,318,104	27,444,933	26,605,432	27,558,120	27,601,435	27,989,359	30,291,516
Vocational Education- Tuition	290,720	250,761	192,500	200,630	155,650	215,633	207,875	213,482	261,392	259,942
Other Instruction	4,722,248	5,267,425	5,416,071	5,710,428	5,615,190	4,264,542	6,538,363	6,360,406	7,696,343	7,671,057
School Sponsored Activities and Athletics	1,552,815	1,759,726	1,771,816	1,787,615	1,780,494	2,305,978	2,020,633	2,041,598	2,086,445	2,077,838
Adult/Continuing Education										
Support Services:										
Student and Inst. Related Services	19,912,229	21,105,381	19,779,023	18,318,408	17,830,765	20,358,885	20,539,951	21,388,567	23,443,429	23,127,780
School Administrative Services	5,858,446	6,321,732	6,857,877	7,000,686	7,306,968	6,968,106	7,244,714	7,439,705	8,484,944	8,833,825
General Administrative	2,114,949	2,251,227	2,594,094	2,486,621	2,197,604	2,429,740	2,420,246	2,731,384	2,634,719	2,874,155
Plant Operations And Maintenance	13,943,526	12,957,922	13,672,081	14,210,136	16,007,608	16,665,237	16,272,328	16,478,657	18,039,493	15,095,317
Pupil Transportation	12,702,501	12,750,025	13,274,603	13,463,141	13,477,190	13,087,024	13,456,970	13,245,003	13,180,793	12,666,835
Other Support Services	2,624,129	2,639,022	2,894,371	3,079,272	3,127,798	2,907,905	3,440,528	3,630,295	3,664,299	2,799,793
Employee Benefits										
Special Schools										
Capital Outlay	2,011,559	2,226,152	2,796,427	2,213,056	2,755,435	10,879,891	24,647,177	39,484,936	15,038,020	7,364,709
Debt Service:										
Principal	3,365,000	3,350,000	4,049,267	4,074,459	4,035,028	4,085,717	6,691,529	5,915,000	6,920,341	7,082,005
Interest and Other Charges	1,962,476	1,829,875	1,826,494	1,533,564	1,421,562	4,029,647	3,844,017	3,714,251	3,505,777	3,307,696
Total Expenditures	145,868,781	147,448,478	158,596,122	155,128,691	159,812,991	175,959,725	196,923,893	216,698,474	207,289,144	197,650,898
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(986,530)	2,281,507	(2,637,654)	1,650,707	2,695,516	(5,965,597)	(19,475,159)	(34,789,941)	(15,290,179)	(1,996,090)
Other Financing Sources (Uses)										
Refunding Bonds Issued			3,220,000	-	-	8,700,000				
Payment to Refunded Bond Escrow Agent			(3,258,625)	-	-	(9,851,130)				
Original Issue Premium			122,446	-	-	1,259,043				
Bond Proceeds					81,480,000	-	-	-	-	
Lease Purchase Proceeds			3,850,000	-	7,535,000	-	-	-	3,295,214	
Transfers In		536,238	1,344,066	409,041	4,323,252	4,081,918	2,618,928	6,226,843	382,455	4,548,213
Transfers Out	-	(536,238)	(1,344,066)	(409,041)	(4,323,252)	(4,081,918)	(2,439,778)	(6,226,843)	(382,455)	(4,548,213)
Total Other Financing Sources (Uses)	-	-	3,933,821	-	89,015,000	107,913	179,150	-	3,295,214	-
Net Change in Fund Balances	\$ (986,530)	\$ 2,281,507	\$ 1,296,167	\$ 1,650,707	\$ 91,710,516	\$ (5,857,684)	\$ (19,296,009)	\$ (34,789,941)	\$ (11,994,965)	\$ (1,996,090)
Debt Service as a Percentage of										
Noncapital Expenditures	3.70%	3.57%	3.77%	3.67%	3.47%	4.92%	6.12%	5.43%	5.42%	5.46%

* Noncapital expenditures are total expenditures less capital outlay.

Source: School District's financial statements

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u> *	<u>Energy Rebates & E-Rate</u>	<u>Sale of Computers & Related Supplies</u>	<u>Total</u>
2011	\$ 104,097	\$ 520,540			\$ 624,637
2012	20,304	902,981			923,285
2013	17,410	428,602			446,012
2014	21,599	410,790			432,389
2015	41,665	1,308,881	\$ 40,743		1,391,289
2016	44,158	677,078	188,129		909,365
2017	109,925	1,069,285	147,738		1,326,948
2018	248,339	746,635	388,066		1,383,040
2019	593,931	609,172		\$ 1,327,405	2,530,508
2020	473,726	356,015	279,379		1,109,120

Source: District Records

* Excludes tuition and transportation fees

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2011	\$ 145,990,550	\$ 6,140,490,060	\$ 56,080,600	\$ 1,575,946,400	\$ 930,753,500	\$ 373,499,000	\$ 9,222,760,110	\$ 13,553,369	\$ 9,236,313,479	\$ 9,038,656,371	\$ 1.947
2012	135,353,750	6,011,415,000	55,514,100	1,512,771,600	870,587,700	380,959,000	8,966,601,150	13,443,173	8,980,044,323	8,716,929,024	1.373
2013	127,484,650	5,921,770,300	54,692,900	1,480,199,000	865,740,400	403,781,000	8,853,668,250	15,113,394	8,868,784,644	8,939,497,440	1.421
2014	129,253,500	5,983,129,300	55,672,600	1,465,301,800	881,516,000	423,310,000	8,938,183,200	12,878,452	8,951,061,702	8,934,609,316	1.434
2015	114,843,950	6,108,979,900	55,939,400	1,458,437,700	876,347,100	430,110,700	9,044,658,750	13,834,966	9,058,493,716	9,086,544,843	1.455
2016	105,991,250	6,264,115,500	55,385,000	1,439,253,800	892,254,300	474,560,700	9,231,560,550	14,642,198	9,246,202,748	9,190,912,559	1.472
2017	99,770,650	6,366,488,100	54,632,100	1,502,516,000	929,682,300	542,940,000	9,496,029,150	14,934,510	9,510,963,660	9,434,853,645	1.465
2018	101,772,150	6,521,617,200	55,014,600	1,498,053,600	1,001,819,500	613,370,000	9,791,647,050	15,544,197	9,807,191,247	10,002,118,920	1.458
2019	165,171,550	6,768,367,300	53,392,900	1,528,973,200	1,031,841,800	634,045,000	10,181,791,750	16,530,933	10,198,322,683	10,408,318,968	1.444
2020	161,988,450	6,957,200,600	53,604,200	1,649,645,200	1,035,058,400	684,985,000	10,542,481,850	17,052,879	10,559,534,729	10,676,804,338	1.431

Source: County Abstract of Ratables

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

<u>Calendar Year</u>	<u>Local School</u>	<u>Municipal Tax</u>	<u>County Tax</u>	<u>Total Tax Levy</u>
2020	\$ 151,105,752	\$ 44,004,169	\$ 36,842,867	\$ 231,952,788
2019	147,251,254	43,754,548	36,572,646	227,578,448
2018	142,956,862	43,408,523	35,001,914	221,367,299
2017	140,847,318	42,795,871	33,317,992	216,961,181
2016	136,084,365	42,597,608	32,194,174	210,876,147
2015	131,771,120	41,904,020	31,480,957	205,156,097
2014	128,277,241	40,774,660	30,571,732	199,623,633
2013	125,997,973	39,480,257	29,671,271	195,149,501
2012	123,294,639	38,261,670	29,745,051	191,301,359
2011	120,262,403	34,291,090	26,892,382	181,445,875

Per \$100 Of Assessed Valuation

2020	1.431	0.416	0.350	2.197
2019	1.444	0.428	0.360	2.232
2018	1.458	0.358	0.323	2.139
2017	1.465	0.449	0.348	2.262
2016	1.472	0.46	0.349	2.281
2015	1.455	0.462	0.348	2.265
2014	1.434	0.455	0.342	2.231
2013	1.421	0.445	0.335	2.201
2012	1.373	0.426	0.332	2.131
2011	1.302	0.421	0.323	2.046

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

Taxpayer	2020	
	Taxable Assessed Value	% of Total District Net Assessed Value
Morgan Stanley Mgt. % Frank Torres	\$ 98,000,000	0.928%
800 Cottontail, LLC % Sentinel Critica	87,668,700	0.830%
AvalonBay Communities, Inc.	84,000,000	0.795%
Franklin Greens c/o Fieldstone Properties	79,700,000	0.755%
PR KC Somersetownerco, LP Prudential	61,500,000	0.582%
LW Harrison, LLC & NS Harrison, LLC	49,200,000	0.466%
Summerfields 360 LLC	48,825,000	0.462%
Catalent Pharma Solutions % R. Vohra	44,652,500	0.423%
Wood West Realty, LLC	42,600,000	0.403%
Levin Properties L.P.	42,500,000	0.402%
	\$ 638,646,200	6.049%

Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
I & G Garden State, LLC	\$ 119,660,000	1.300%
Morgan Stanley MGT % Frank Torres	67,341,800	0.732%
SHI International Corp.	58,542,000	0.636%
Corporate Reale Est. Holding % C&W Inc.	55,940,000	0.608%
Segal Realty Corp.	52,700,000	0.573%
Levin Properties	50,232,000	0.546%
Green Hil Manor Developers LLC	46,600,000	0.506%
Phillips Electronics	41,000,000	0.445%
La Fonge Associates	40,150,000	0.436%
Wood West Realty, LLC	39,900,000	0.434%
	\$ 572,065,800	6.216%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 118,778,423	\$ 118,778,423	100.00%	-
2012	121,746,383	121,193,063	99.55%	\$ 553,320
2013	124,842,894	124,842,894	100.00%	-
2014	127,153,050	127,153,050	100.00%	-
2015	129,401,431	129,401,431	100.00%	-
2016	134,140,810	134,140,810	100.00%	-
2017	138,027,919	138,027,919	100.00%	-
2018	140,549,336	140,549,336	100.00%	-
2019	145,364,388	145,364,388	100.00%	-
2020	149,138,119	149,138,119	100.00%	-

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchase Agreements			
2011	\$ 43,080,000		\$ 43,080,000	62,526	\$ 689
2012	39,730,000		39,730,000	63,000	631
2013	36,460,000	\$ 3,095,733	39,555,733	63,399	624
2014	33,145,000	2,336,274	35,481,274	64,752	548
2015	111,360,000	9,101,246	120,461,246	64,952	1,855
2016	107,195,000	8,235,529	115,430,529	65,282	1,768
2017	101,510,000	7,229,000	108,739,000	65,469	1,661
2018	95,815,000	7,009,000	102,824,000	65,670	1,566
2019	89,980,000	9,218,873	99,198,873	65,664	1,511
2020	83,960,000	8,156,868	92,116,868	65,642	1,403

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2011	\$ 43,080,000		\$ 43,080,000	0.47%	\$ 689
2012	39,730,000		39,730,000	0.44%	631
2013	36,460,000		36,460,000	0.41%	575
2014	33,145,000		33,145,000	0.37%	512
2015	111,360,000		111,360,000	1.23%	1,714
2016	107,195,000	\$ 18,276	107,176,724	1.16%	1,642
2017	101,510,000	209,062	101,300,938	1.07%	1,547
2018	95,815,000	203,025	95,611,975	0.97%	1,456
2019	89,980,000		89,980,000	0.88%	1,370
2020	83,960,000		83,960,000	0.80%	1,279

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
(Unaudited)

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Government</u>
Overlapping Debt Apportioned to the Municipality:			
Municipal Debt (1)			
Township of Franklin	\$ 58,702,269	100.00%	\$ 58,702,269
County Debt (2)			
Somerset County	66,493,925		66,493,925
Other (3)			
Franklin Township Sewerage Authority	19,118,120	100.00%	<u>19,118,120</u>
Total Overlapping Debt			<u>144,314,314</u>
Direct Debt- Franklin Township Public Schools (as of June 30, 2020)			<u>92,116,868</u>
Total Direct and Overlapping Debt			<u>\$ 236,431,182</u>

Source:

(1) Township's 2019 Annual Debt Statement

(2) The debt for this entity was apportioned to Township by dividing the municipality's 2019 equalized value by the total 2019 equalized value for Somerset County.

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 380,696,199	\$ 380,821,265	\$ 362,382,359	\$ 362,382,359	\$ 356,377,811	\$ 357,946,605	\$ 363,506,706	\$ 377,640,821	\$ 398,026,233	\$ 417,344,721
Total Net Debt Applicable to Limit	<u>43,080,638</u>	<u>39,730,638</u>	<u>36,460,000</u>	<u>33,145,000</u>	<u>111,360,257</u>	<u>107,195,257</u>	<u>101,510,257</u>	<u>95,815,257</u>	<u>89,980,257</u>	<u>83,960,257</u>
Legal Debt Margin	<u>\$ 337,615,561</u>	<u>\$ 341,090,627</u>	<u>\$ 325,922,359</u>	<u>\$ 329,237,359</u>	<u>\$ 245,017,554</u>	<u>\$ 250,751,348</u>	<u>\$ 261,996,449</u>	<u>\$ 281,825,564</u>	<u>\$ 308,045,976</u>	<u>\$ 333,384,464</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.32%	10.43%	10.06%	9.15%	31.25%	29.95%	27.93%	25.37%	22.61%	20.12%

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

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

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Legal Debt Margin Calculation for Fiscal Year 2020

Equalized valuation basis	
2019	\$ 10,669,382,532
2018	10,541,120,734
2017	<u>10,090,350,813</u>
	<u>\$ 31,300,854,079</u>
Average equalized valuation of taxable property	\$ 10,433,618,026
Debt limit (4 % of	417,344,721
Total Net Debt Applicable to Limit	<u>83,960,257</u>
Legal debt margin	<u>\$ 333,384,464</u>

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

<u>Year Ended December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (Somerset County)</u>	<u>Population</u>
2011	8.5%	\$ 68,606	62,526
2012	8.0%	69,235	63,000
2013	8.3%	71,450	63,399
2014	7.3%	75,171	64,752
2015	5.7%	78,462	64,952
2016	4.9%	83,433	65,282
2017	4.6%	88,350	65,469
2018	4.2%	92,248	65,670
2019	3.8%	99,533	65,664
2020	3.3%	106,194	65,642

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

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

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

INFORMATION NOT AVAILABLE

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	697	463	487	491	497	495	497	499	493	494
Special Education		296	277	279	281	285	286	292	296	298
Support Services:										
Student and Instruction Related Services	148	151	142	143	144	146	147	149	151	152
General Administration	8	7	7	6	6	6	6	6	6	6
School Administrative Services	50	49	47	46	46	46	47	47	47	47
Other Administrative Services										
Central Services	17	17	18	19	19	19	19	19	19	19
Administrative Information Technology	10	9	11	11	11	11	11	11	11	9
Plant Operations And Maintenance	123	144	148	147	146	146	146	146	146	146
Pupil Transportation	26	22	24	24	22	21	19	16	15	15
Total	<u>1,077</u>	<u>1,158</u>	<u>1,161</u>	<u>1,166</u>	<u>1,172</u>	<u>1,175</u>	<u>1,178</u>	<u>1,185</u>	<u>1,184</u>	<u>1,186</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School					
2011	8,172	\$ 138,529,746	\$ 16,952	0.23%	747	11.6:1	8.0:1	11:06	7,826	7,453	1.02%	95.23%
2012	8,145	140,042,451	17,194	1.43%	641	12.07:01	9:08:01	12:01	7,767	7,420	-0.76%	95.53%
2013	8,281	149,923,934	18,105	5.30%	644	11.1:1	9.6:1	11.8:1	7,640	7,272	-1.66%	95.18%
2014	8,138	147,307,612	18,101	-0.02%	653	12.1:2	10.2:1	12.1:1	7,633	7,276	-0.09%	95.32%
2015	7,782	151,600,966	19,481	7.62%	659	11.7:1	10.0:1	10.8:1	7,494	7,144	-1.85%	95.33%
2016	7,560	156,964,470	20,762	6.58%	665	11.4:1	9.95:1	10.6:1	7,298	6,966	-2.69%	95.45%
2017	7,819	161,741,170	20,686	-0.37%	704	7.6:1	12.2:1	15.2:1	7,203	6,864	-1.32%	95.29%
2018	7,243	167,584,287	23,137	11.85%	692	7.4:1	10.5:1	11.4:1	7,097	6,736	-1.49%	94.91%
2019	7,802	181,825,006	23,305	0.72%	789	7.4:1	10.5:1	11.4:1	6,998	6,643	-1.41%	94.93%
2020	7,977	179,896,488	22,552	-3.23%	734	11.0:1	9.0:1	12.0:1	7,036	6,805	0.54%	96.72%

Sources: District records

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

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

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District Building											
Elementary											
Conerly Road School (1966, Add 1998)											
Square Feet		46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495
Capacity (students)		410	410	410	410	410	410	410	410	410	410
Enrollment		502	480	453	448	435	409	427	343	433	384
Elizabeth Ave School (1957, Add 1998, 2004)											
Square Feet	** (4)	48,919	48,919	48,919	48,919	48,919	58,159	58,159	58,159	58,159	58,159
Capacity (students)		513	513	513	513	513	513	513	513	513	513
Enrollment		614	624	624	653	659	617	582	544	531	494
Franklin Park School (1998)											
Square Feet		99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)		773	773	773	773	773	773	773	773	773	773
Enrollment (inc. Annex)		904	877	875	940	890	842	786	781	739	670
Franklin Park Annex (1957)											
Square Feet	** (1)	23,827	23,827	23,827	inc above	inc above	inc above	inc above	inc above	inc above	inc above
Capacity (students)		135	135	135	inc above	inc above	inc above	inc above	inc above	inc above	inc above
Enrollment		138	139	108	-	-	-	-	-	-	-
Hillcrest School (1958)											
Square Feet	** (2)	52,122	52,122	52,122	52,122	52,122	56,742	56,742	56,742	56,742	56,742
Capacity (students)		488	488	488	488	488	488	488	488	488	488
Enrollment		507	465	440	422	392	422	429	411	468	418
MacAfee Road School (1966, Add 2004)											
Square Feet	** (2)	46,449	46,449	46,449	46,449	46,449	51,069	51,069	51,069	51,069	51,069
Capacity (students)		432	432	432	432	432	432	432	432	432	432
Enrollment		489	492	470	447	429	413	396	395	418	382
Pine Grove Manor (1931, Add 2004)											
Square Feet	** (1)	51,212	51,212	51,212	51,212	51,212	53,522	53,522	53,522	53,522	53,522
Capacity (students)		400	400	400	400	400	400	400	400	400	400
Enrollment		453	439	443	414	396	385	388	345	381	372
Sampson G. Smith School (1968)- Middle School											
Square Feet	** (2)	134,290	134,290	134,290	134,290	134,290	138,910	138,910	138,910	138,910	138,910
Capacity (students)		1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051
Enrollment		1,192	1,164	1,136	1,134	1,086	1,031	1,027	1,036	855	812

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>										
Claremont Elementary (2018)										
Square Feet									123,665	123,665
Capacity (students)									1,004	1,004
Enrollment									708	691
<u>Middle School (2006) /High School (1960-2005)</u>										
Franklin Middle School (1960)										
Square Feet	228,078	228,078	222,553	222,553	222,553	222,553	222,553	222,553	222,553	222,553
Capacity (students)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Enrollment	1,044	1,055	1,060	1,092	1,084	1,093	1,042	980	819	686
<u>High School</u>										
Franklin High School (2005)										
Square Feet	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000
Capacity (students)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Enrollment	1,977	2,013	2,036	2,100	2,127	2,090	2,116	2,186	2,204	2,119

Number of Schools at June 30, 2019
 Elementary = 7
 Middle School = 2
 Senior High School = 1

Source: District Records

**Facility square footage includes trailers at site

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

<u>School Facilities</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Franklin Twp. High School	\$ 123,938	\$ 148,185	\$ 148,648	\$ 140,938	\$ 221,911	\$ 136,353	\$ 146,216	\$ 184,972	\$ 366,716	\$ 136,703
Franklin Middle School	145,532	140,082	115,695	119,165	93,287	164,207	73,032	158,936	211,493	105,450
Conerly Road School	18,716	15,145	16,368	8,348	30,656	15,955	10,527	43,974	33,249	15,347
Elizabeth Ave School	17,876	50,624	76,991	35,189	38,394	17,398	40,294	31,295	37,810	32,804
Franklin Park School	58,536	90,434	139,129	67,150	70,518	49,990	88,298	91,543	88,455	62,920
Hillcrest School	33,249	89,175	59,052	23,924	36,633	18,897	39,808	68,282	45,619	20,952
MacAfee Road School	24,842	61,531	75,516	31,004	85,723	21,035	14,700	47,370	23,168	35,912
Pine Grove Manor School	36,268	71,241	33,320	64,253	89,832	35,213	16,420	20,907	36,805	27,000
Sampson G. Smith School	130,338	72,249	143,202	136,736	97,752	44,107	98,946	106,047	95,461	58,110
Claremont Road School	-	-	-	-	-	-	-	-	14,817	25,989
Total School Facilities	\$ 589,295	\$ 738,666	\$ 807,921	\$ 626,707	\$ 764,706	\$ 503,155	\$ 528,241	\$ 753,326	\$ 953,593	\$ 521,187
Other Facilities										
Administration Building	\$ 15,261	\$ 41,640	\$ 21,824	\$ 19,950	\$ 107,302	\$ 42,930	\$ 12,115	\$ 56,417	\$ 11,445	\$ 64,357
Maintenance Building	34,100	41,740	37,215	54,843	58,019	-	31,169	60,393	52,639	20,077
Transportation Trailer	1,988	4,064	1,718	3,232	15,309	-	269	32	-	34
Bunker Hill Environmental Center	668	-	-	-	-	-	-	-	-	-
Total Other Facilities	\$ 52,017	\$ 87,444	\$ 60,757	\$ 78,025	\$ 180,630	\$ 42,930	\$ 43,553	\$ 116,842	\$ 64,084	\$ 84,468
Grand Total	\$ 641,312	\$ 826,110	\$ 868,678	\$ 704,732	\$ 945,336	\$ 546,085	\$ 571,794	\$ 870,168	\$ 1,017,677	\$ 605,655

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2020
(UNAUDITED)**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2020
(UNAUDITED)**

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2020
(UNAUDITED)**

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

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ROBERT W. HAAG, CPA, PSA
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DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Franklin Township Public Schools' basic financial statements and have issued our report thereon dated February 5, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin Township Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Franklin Township Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated February 5, 2021.

Franklin Township Public Schools' Responses to Findings

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

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 5, 2021



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

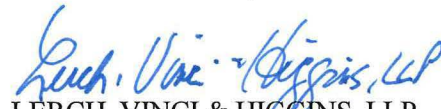
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated February 5, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 5, 2021

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal/Grantor/Pass-Through Grant Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grand Period	Award Amount	Balance, July 1, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of prior year Balance	Adjustment Carryover- Receivables	Balance, June 30, 2020			MEMO GAAP Receivable
												(Accounts Receivable)	Unearned Revenue	Due To Grantor	
U.S. Department of Health & Human Services- Passed through State Dept. of Education General Fund															
Medical Assistance Program	93.778	2005NJ5MAP	N/A	7/1/19-6/30/20	\$ 176,072	-	-	\$ 176,072	\$ 176,072	-	-	-	-	-	-
Total U.S. Department of Health and Human Services/General Fund						-	-	176,072	176,072	-	-	-	-	-	-
U.S. Department of Education Passed-through State Dept. of Education															
ESEA Title I A	84.010	S010A190030	ESEA1610-20	7/1/19-9/30/20	781,919		\$ 157,259	394,542	657,046		\$ (157,259)	\$ (544,636)	\$ 282,132		\$ (261,891)
ESEA Title I A	84.010	S010A180030	NCLB1610-19	7/1/18-3/30/19	816,802	\$ (205,968)	(157,259)	208,169	1,588		157,259	-	613		-
ESEA Reallocated Title I	84-010	S010A180030	NCLB1610-19	2/1/19-9/30/19	106,112	(26,624)		106,112	79,488			-	-		-
ESEA Reallocated Title I	84-010	S010A190030	ESEA1610-20	7/1/19-9/30/20	66,330			8,469	21,284			(57,861)	45,046		(12,815)
Total Title I Cluster						(232,592)	-	717,292	759,406	-	-	(602,497)	327,791	-	(274,706)
ESEA Title IIA	84.367A	S367A190029	ESEA 1610-20	7/1/19-9/30/20	186,360		99,705	118,681	246,939		(99,705)	(167,384)	39,126		(128,258)
ESEA Title IIA	84.367A	S367A180029	NCLB 1610-19	7/1/18-6/30/19	197,003	(30,714)	(99,705)	30,714			99,705	-	-		-
ESEA Title III	84.365A	S365A190030	ESEA 1610-20	7/1/19-9/30/20	177,274		36,290	117,497	161,231		(36,290)	(96,067)	52,333		(43,734)
NCLB Title III	84.365A	S365A180030	NCLB 1610-19	7/1/18-6/30/19	173,936	(59,038)	(36,290)	59,038	-		36,290	-	-		-
ESEA Title III- Immigrant	84.365A	S365A190030	ESEA 1610-20	7/1/19-9/30/20	29,977			22,824	22,723			(7,153)	7,254		-
NCLB Title III- Immigrant	84.365A	S365A180030	NCLB 1610-19	7/1/18-6/30/19				668				-	668		-
I.D.E.A. Part B, Preschool	84.173	H173A190114	PS-0555-20	7/1/19-9/30/20	65,690			51,688	64,778			(14,002)	912		(13,090)
I.D.E.A. Part B, Preschool	84.173	H173A180114	PS-0555-19	7/1/18-9/30/19	64,929	(23,254)		23,254				-	-		-
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	FT-0555-20	7/1/19-9/30/20	1,919,628		65,793	1,401,879	1,899,837		(65,793)	(583,542)	85,584		(497,958)
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	FT-0555-18	7/1/17-6/30/18	1,931,590	225						-	-	\$ 225	-
I.D.E.A. Part B, Basic Regular	84.027	H027A180100	FT-0555-19	7/1/18-9/30/19	1,927,498	(476,194)	(65,793)	521,337	45,143		65,793	-	-	-	-
Total Special Education Cluster IDEA						(499,223)	-	1,998,158	2,009,758	-	-	(597,544)	86,496	225	(511,048)
CARES Emergency Relief Grant	84.425D	S425D200027	N/A	3/13/20-9/30/22	631,519	-	-	-	169,218			(631,519)	462,301		(169,218)
Total U.S. Department of Education/Special Revenue Fund						(821,567)	-	3,064,872	3,369,275	-	-	(2,102,164)	975,969	225	(1,126,964)
U.S. Department of Agriculture Passed-through State Dept. of Ed. Enterprise Fund:															
National School Lunch Program	10.555		N/A												
Cash Assistance		191NJ304N1099		7/1/18-6/30/19	1,474,586	(335,825)		335,825				-	-		-
Cash Assistance		201NJ304N1099		7/1/19-6/30/20	1,182,465			1,123,788	1,182,465			(58,677)			(58,677)
Non-Cash Assistance				7/1/18-6/30/19	276,501	13,957			13,957						
Non-Cash Assistance				7/1/19-6/30/20	248,047			248,047	232,831				15,216		
School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/17-6/30/19	687,337	(162,580)		162,580				-	-		-
School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/19-6/30/20	549,426			512,543	549,426			(36,883)			(36,883)
Total National School Lunch Program Cluster						(484,448)	-	2,382,783	1,978,679	-	-	(95,560)	15,216	-	(95,560)
Total Federal Financial Awards						\$ (1,306,015)	\$ -	\$ 5,623,727	\$ 5,524,026	\$ -	\$ -	\$ (2,197,724)	\$ 991,185	\$ 225	\$ (1,222,524)

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2020			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund:														
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 5,044,696	\$ (473,415)	\$ 473,415									
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	5,109,930		4,629,402	\$ 5,109,930		\$ (480,528)					\$ 5,109,930	
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	5,706,043	(535,479)	535,479									
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	5,706,043		5,169,458	5,706,043		(536,585)					5,706,043	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	1,581,446	(148,409)	148,409									
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	1,581,446		1,432,730	1,581,446		(148,716)					1,581,446	
Total State Aid Public Cluster				(1,157,303)	12,388,893	12,397,419			(1,165,829)					12,397,419
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	1,634,154	(153,356)	153,356									
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	1,634,154		1,480,481	1,634,154		(153,673)					1,634,154	
Additional Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	277,091	(277,091)	277,091									
Additional Nonpublic Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	120,634		-	120,634		(120,634)				\$ (120,634)	120,634	
Total Transportation Aid Cluster				(430,447)	1,910,928	1,754,788			(274,307)				(120,634)	1,754,788
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	1,696,514	(1,696,514)	1,696,514									
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	1,516,209			1,516,209		(1,516,209)					1,516,209	
On-behalf TPAF Pension System Contr-Normal Cost & Accrued Liab.	20-495-034-5094-002	7/1/19-6/30/20	11,388,852		11,388,852	11,388,852							11,388,852	
On-behalf TPAF Pension System Contr-Non-Contributory Ins.	20-495-034-5094-004	7/1/19-6/30/20	204,132		204,132	204,132							204,132	
On-behalf TPAF Pension System Contr-Long Term Disability Ins.	20-495-034-5094-001	7/1/19-6/30/20	11,114		11,114	11,114							11,114	
On-behalf TPAF Pension System Contr-Post-Retirement Medical Contributions	20-495-034-5094-001	7/1/19-6/30/20	4,300,785		4,300,785	4,300,785							4,300,785	
Total On-Behalf TPAF Contribution Cluster					15,904,883	15,904,883								15,904,883
Reimbursed TPAF Social Security	19-100-034-5094-003	7/1/18-6/30/19	4,037,618	(202,326)	202,326									
Reimbursed TPAF Social Security	20-100-034-5094-003	7/1/19-6/30/20	4,259,297		4,048,489	4,259,297		(210,808)				(210,808)	4,259,297	
Total General Fund				(3,486,590)	36,152,033	35,832,596			(3,167,153)				(331,442)	35,832,596
Special Revenue Fund:														
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19	3,441,152	583,674	395,195		\$ (246,000)			\$ 732,869				
Preschool Education Aid	18-495-034-5120-086	7/1/17-6/30/18	2,502,615	782,359			(782,359)							
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	4,978,792		4,480,914	4,743,012	1,028,359		(497,878)	1,264,139			4,743,012	
New Jersey Nonpublic Aid														
Textbook Aid (Ch. 194)	20-100-034-5120-064	7/1/19-6/30/20	68,682		57,981	57,981			(10,701)	\$ 10,701	(10,701)		57,981	
Textbook Aid (Ch. 194)	19-100-034-5120-064	7/1/18-6/30/19	70,222	2,185				\$ 2,185						
Technology	20-100-034-5120-373	7/1/19-6/30/20	46,908		30,436	30,436			(16,472)		16,472	(16,472)	30,436	
Technology	19-100-034-5120-373	7/1/18-6/30/19	47,340	536				536						
Security	20-100-034-5120-509	7/1/19-6/30/20	205,200		63,155	63,155			(142,045)		142,045	(142,045)	63,155	
Security	18-100-034-5120-509	7/1/17-6/30/18	108,375	75				75						
Security	19-100-034-5120-509	7/1/18-6/30/19	208,800	88,601				88,601						
Auxiliary Services (Chap. 192)														
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	54,431		47,741	53,620			(6,690)		811	(6,690)	53,620	
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	60,914	2,538				2,538						
ESL	20-100-034-5120-067	7/1/19-6/30/20	2,896		2,523	2,895			(373)		1	(373)	2,895	
Transportation Aid	20-100-034-5120-067	7/1/19-6/30/20	7,635		6,872	7,635			(763)			(763)	7,635	
Total Nonpublic Auxiliary Services Aid (Chap 192) Cluster				2,538	57,136	64,150			(7,826)		812	(7,826)	64,150	
Handicapped Services (Ch. 193)														
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	28,738		25,515	28,737			(3,223)		1	(3,223)	28,737	
Examination & Classification	20-100-034-5120-066	7/1/19-6/30/20	50,534		29,889	34,931			(20,645)		15,603	(20,645)	34,931	
Examination & Classification	19-100-034-5120-066	7/1/18-6/30/19	68,234	22,916				22,916						
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	27,160		24,279	27,160			(2,881)			(2,881)	27,160	
Total Nonpublic Handicapped Services Aid (Chap 193) Cluster				22,916	79,683	90,828			(26,749)		15,604	(26,749)	90,828	
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	133,181		127,591	127,591			(5,590)		5,590	(5,590)	127,591	
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	140,165	6,558				6,558						
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	135,024	6,469				6,469						
Home Instruction	20-100-034-5120-070	7/1/19-6/30/20	541			541			(541)			(541)	541	
Total Special Revenue Fund				1,495,911	5,292,091	5,177,694			(707,802)	1,997,008	191,224	(209,924)	5,177,694	

(1) Adjustment represents Carryovers Appropriated in Current Year

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2020			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures	
State Department of Education														
<u>Capital Projects Fund</u>														
School Development Authority	1610-055-14-1006-G04		\$ 470,290	\$ (423,261)					\$ (423,261)			\$ (423,261)	\$ 470,290	
School Development Authority	1610-070-14-1007-G04		250,000	(170,295)				(250,000)	\$ 79,705			(250,000)	170,295	
School Development Authority	1610-070-14-1008-G04		25,001	(25,001)				(25,001)				(25,001)	25,001	
School Development Authority	1610-160-14-1025-G04		205,000	(205,000)				(205,000)				(205,000)	205,000	
School Development Authority	1610-100-14-1011-G04		530,761	(477,685)				(477,685)				(477,685)	530,761	
School Development Authority	1610-115-14-1016-G04		287,259	(79,911)	\$ 207,348			(287,259)				(287,259)	287,259	
School Development Authority	1610-140-14-1017-G04		288,483	(108,657)				(108,657)				(108,657)	288,483	
School Development Authority	1610-150-14-1021-G04		218,708	(43,741)	\$ 42,657			(1,084)				(1,084)	218,708	
School Development Authority	1610-150-14-1022-G04		451,804	(451,804)				(451,804)				(451,804)	451,804	
School Development Authority	1610-150-14-1029-G04		182,789	(36,558)	32,947			(3,611)				(3,611)	182,789	
Total School Development Authority Cluster/ Capital Projects Fund				(2,021,913)	75,604	207,348	-	-	(2,233,362)	79,705	-	(2,233,362)	4,501,332	
<u>Debt Service Fund</u>														
Debt Service Aid	20-495-064-5120-075	7/1/19-6/30/20	940,417	-	940,417	940,417	-	-	-	-	-	-	940,417	
Total Debt Service Aid				-	940,417	940,417	-	-	-	-	-	-	-	940,417
State Department of Agriculture														
<u>Enterprise Fund</u>														
National School Lunch Program	19-100-034-5120-122	7/1/18-6/30/19	37,163	(8,925)	8,925			-				-	-	
National School Lunch Program	20-100-034-5120-122	7/1/19-6/30/20	26,897	-	25,975	26,897		(922)				(922)	26,897	
Total Department of Agriculture/Enterprise Fund				(8,925)	34,900	26,897	-	-	(922)	-	-	(922)	26,897	
Total State Financial Assistance Subject to Single Audit Determination				\$ (4,021,517)	\$ 42,495,045	\$ 42,184,952	\$ -	\$ 129,878	\$ (6,109,239)	\$ 2,076,713	\$ 191,224	\$ (2,775,650)	\$ 46,478,936	
State Financial Assistance Not Subject to Single Audit Major Program Determination														
<u>General Fund</u>														
On-Behalf TPAF Pension System Contribution					(11,604,098)	(11,604,098)		-					(11,604,098)	
On-Behalf TPAF Post-Retirement Med. Contrib.					(4,300,785)	(4,300,785)		-					(4,300,785)	
Total State Financial Assistance Subject to Single Audit Major Programs Determination				\$ (4,021,517)	\$ 26,590,162	\$ 26,280,069	\$ -	\$ 129,878	\$ (6,109,239)	\$ 2,076,713	\$ 191,224	\$ (2,775,650)	\$ 30,574,053	

(2) Adjustment represents grant balance cancelled

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$171,462 for the general fund and a decrease of \$838,949 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 176,072	\$ 36,004,058	\$ 36,180,130
Special Revenue Fund	3,079,853	4,628,937	7,708,790
Capital Projects Fund		207,348	207,348
Debt Service Fund		940,417	940,417
Food Service Fund	<u>1,978,679</u>	<u>26,897</u>	<u>2,005,576</u>
Total Awards Financial Assistance	<u>\$ 5,234,604</u>	<u>\$ 41,807,657</u>	<u>\$ 47,042,261</u>

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$4,259,297 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$11,592,984, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,300,785 and TPAF Long-Term Disability Insurance in the amount of \$11,114 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over compliance:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
<u>84.173</u>	<u>H173A190114</u>	<u>IDEA, Part B Preschool</u>
<u>84.027</u>	<u>H027A190100</u>	<u>IDEA, Part B, Basic</u>
<u>10.555</u>	<u>201NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>201NJ304N1099</u>	<u>School Breakfast Program</u>
<u>84.010</u>	<u>ESEA1610-20</u>	<u>Title 1</u>

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-044</u>	<u>Extraordinary Aid</u>
<u>495-064-5120-075</u>	<u>Debt Service Aid</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs \$ 788,402

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2020-001:

Our audit of outstanding purchase orders revealed the purchase order for TPAF reimbursement to State for federally funded grant salaries was improperly classified as encumbrances and was determined to be accounts payable. In addition, the TPAF reimbursement to the State was not made prior to the end of the 90-day grant liquidation period required by the Office of Grants Management.

Criteria or specific requirement:

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

Condition:

A certain open purchase order was not properly classified as accounts payable although services were provided prior to June 30, 2020.

Questioned Costs:

Unknown.

Context:

Special Revenue Fund encumbrance totaling \$333,562 for the TPAF FICA/Pension reimbursement to the State was deemed to be accounts payable and were reclassified in the financial statements. Also, it was noted that this amount was not remitted to the State within 90 days of fiscal year end.

Effect:

Expenditures may not reflect amounts incurred for the year.

Recommendation:

The TPAF reimbursement to the State for federally funded grant salaries be properly accrued as accounts payable at year end and be paid prior to the end of the 90-day grant liquidation period recurred by the Office of Grants Management.

Views of Responsible Officials and Planned Corrective Action Plan:

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2020-002:

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

Criteria or specific requirement:

The State Department of Education’s GAAP Technical Systems Manual

Condition:

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

Questioned Costs:

None.

Context:

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

- We noted the year to date interest earnings of \$65,122 in the Capital Projects Fund were not transferred to the General Fund in accordance with Board resolution.
- Journal entries were made to correct various receivable balances in the General Fund to agree to supporting documentation.
- Certain adjustments were needed to reconcile pooled cash balances between the various funds.
- An adjustment of \$370,416 was needed to reconcile interfund balances between the General and Enterprise funds.
- The year-end receivable for Extraordinary Aid of \$1,516,209 was not accrued.
- Journal entries were made to reverse incorrect posting of \$4,660,000 for capital reserve funds transferred to Capital Projects Fund and to record \$573,091 of General Fund appropriations transferred to Capital Projects Fund.

Effect:

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

Recommendation:

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

Views of Responsible Officials and Planned Corrective Action Plan:

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2019-001

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

Current Status

Corrective action has been taken.

Finding 2019-002

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

Current Status

See Finding 2020-002.

Finding 2019-00.

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

Current Status

See Auditor's Management Report.