

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

Franklinville, New Jersey
County of Gloucester

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

FRANKLINVILLE, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by

**Township of Franklin School District
Finance Department**

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OUTLINE OF CAFR - GASB #34

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INTRODUCTORY SECTION

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TOWNSHIP OF FRANKLIN PUBLIC SCHOOLS

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February 13, 2022

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

Dear Board Members/Citizens,

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Township of Franklin School District (District) for the fiscal year ended June 30, 2021. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections as follows:

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

REPORTING ENTITY AND ITS SERVICES

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

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

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

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

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

In July 2020, the New Jersey Department of Education released its Taxpayer's Guide to Education Spending for all school districts in the state. The guide compares districts with those who are similar in enrollment/configurations. The information on expenditures was taken from certified budgets on file with the State Department of Education. This report shows that the district spends \$17,600 per pupil while the average costs for similar districts are \$23,385. According to the report, per pupil costs range from a low of \$16,125 to a high of \$36,177 across the state. Of the 57 other K-6 school districts in the state, the Township of Franklin School District ranked sixth lowest in total budgeted cost per pupil.

Elementary Schools

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

Mary F. Janvier School – a Pre-Kindergarten to Grade 2 school of 513 students. There is one principal and a staff of 60 teachers and classroom teacher aides/one to one assistants. The school is located on 1532 Pennsylvania Avenue.

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

Main Road School - grades 3-4 school of 386 students. There is one principal and a staff of 46 teachers and classroom teacher aides/one to one assistants. The school is located on 1452 Main Road.

Caroline L. Reutter School - a grades 5-6 school of 360 students. There is one principal and a staff of 52 teachers and classroom teacher aides/one to one assistants. The school is located on 2150 Delsea Drive.

Special Education

The Special Education program is an integral part of each school. In the 2020-21 school year, there were approximately 263 on-roll students classified as eligible to receive special education and related services, and 14 students who were placed in out of district settings. The district offers a number of special education programs including in-class resource or co-teaching, pull-out resource as well as self-contained classrooms. The district also offers related services including counseling, speech therapy, occupational therapy and physical therapy.

New Jersey Student Learning Standards

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

Staff Development

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

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

Technology

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

Pupil Enrollment

The district completed the 2020-21 fiscal year with an average daily enrollment of 1,295 students. Enrollment has fluctuated over the past five years; however, the District had a decrease in enrollment this past year. The following details the changes in the student enrollment of the district over the last five years. The table presents the actual historical pupil enrollment as of October 15, for the school years 2016-17 through 2020-21:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-21	1296	-8.35%
2019-20	1414	1.95%
2018-19	1387	-1.07%
2017-18	1402	-2.03%
2016-17	1431	0.35%

ECONOMIC CONDITION AND OUTLOOK

Overall enrollments have remained steady from 2016-17 to 2019-20. Enrollment declined for the 2020-21 school year. The Covid-19 pandemic caused the District to instill safety and hygienic protocols and procedures necessary to maintain social distancing within the schools. The District offered a hybrid in-person schedule as well as a fully remote/virtual option. It is thought that enrollment declined as students were enrolled in charter and nonpublic schools that were offering full in-person learning schedules. The district continues to work within the 2% local revenue cap to minimize the tax impact, however has banked cap of \$651,512 available for use in the 2022-2023 budget. It continues to incorporate efficiencies throughout the budget to fund initiatives to enhance educational programs.

MAJOR INITIATIVES-STRATEGIC PLAN

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

In March 2020, the Board of Education began to update the strategic plan, but paused that process due to the pandemic. The 2020-2021 school year has allowed for the strategic planning process to restart. The strategic planning advisory committee has identified 5 goal areas for focus of action planning these goal areas include; Social and Emotional Learning, Facilities and Finance, Communication, Talent Acquisition and Retention, and Curriculum and Instruction. The action planning committees will meet in the very near future to develop specific plans to address these identified goal areas.

PROFESSIONAL DEVELOPMENT ACTIVITIES

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

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

Achievements

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

Community Support

Resources and Links to Social Service Agencies:

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

Community Involvement

The district involved the community in the following ways during the 2020-21 school year:

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

Parental Involvement

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

INTERNAL ACCOUNTING CONTROLS

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

As a recipient of federal and state awards, the District is also responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

BUDGETARY CONTROL

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

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

CASH MANAGEMENT

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

depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation. A schedule of insurance coverage is found in J-20.

OTHER INFORMATION

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

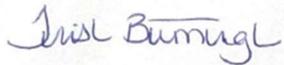
ACKNOWLEDGMENTS

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

Respectfully submitted,



Troy Walton
Superintendent

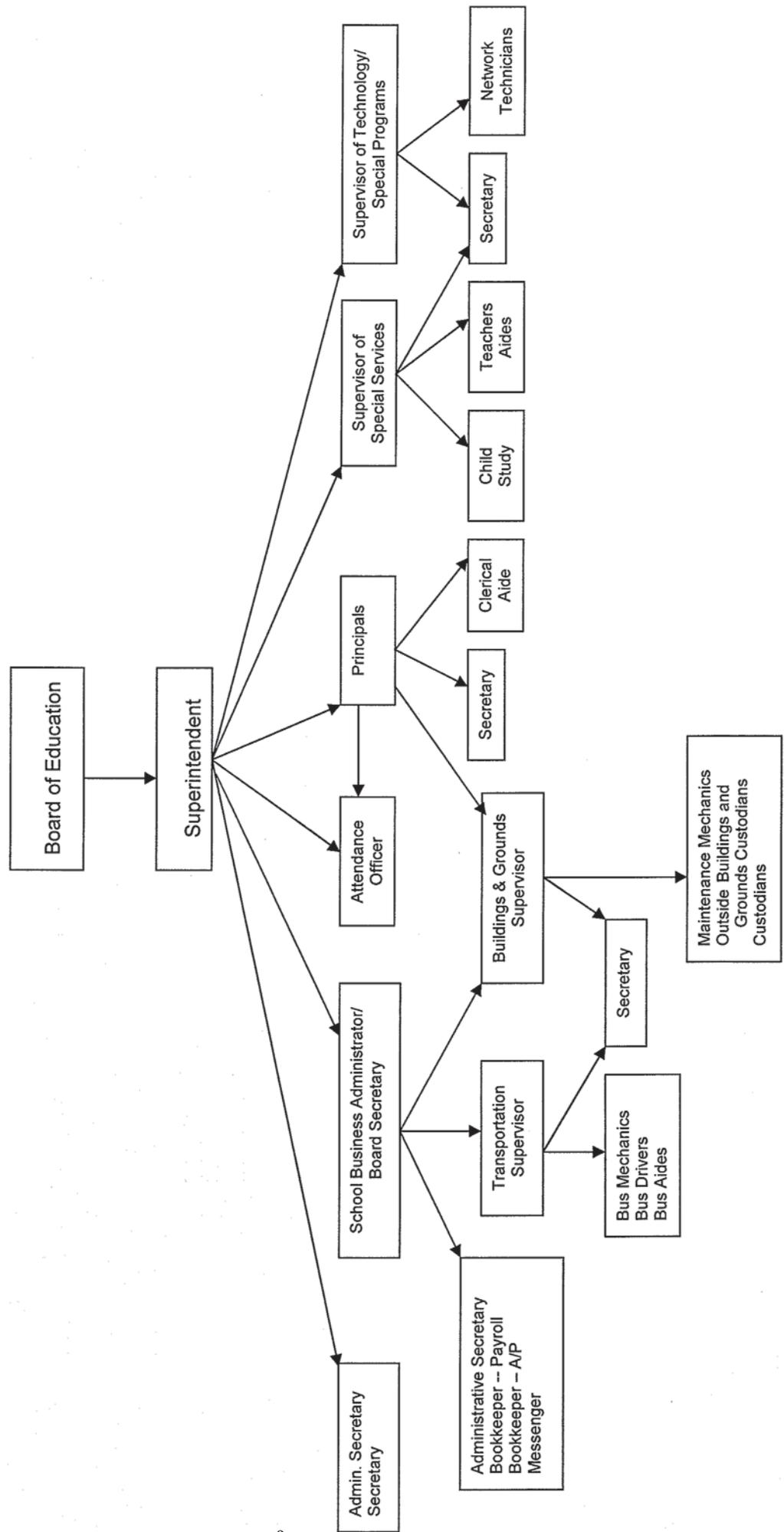


Trish Birmingham
School Business Administrator/Board Secretary

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TOWNSHIP OF FRANKLIN BOARD OF EDUCATION

Organizational Chart – Unit Control



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

ROSTER OF OFFICIALS

June 30, 2021

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Jason Brandt, President	2022
Nicholas DeSilvio, Vice President	2022
Leiha Caselli	2023
Alicia Fragoso	2022
Jennifer Metzger	2021
Jonathan Keen	2023
Michele Cunningham	2021
Dawn Gelsi-Collins	2021
Diane T. Trace	2023

OTHER OFFICIALS

Mr. Troy Walton, Superintendent

Ms. Trish Birmingham, School Business Administrator

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

CONSULTANTS AND ADVISORS

AUDIT FIRM

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ATTORNEY

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40 N. Woodbury-Glassboro Road
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OFFICIAL DEPOSITORY

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

ARCHITECT

Garrison Architects
713 Creek Road
Bellmawr, New Jersey 08031

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FINANCIAL SECTION

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Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Franklin Township School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Franklin Township School District, County of Gloucester, State of New Jersey, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021 the School District adopted new accounting guidance, *GASB Statement No. 84, Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Due to the implementation of GASB Statement No. 84, fund balance as of June 30, 2020 on the statement of activities and the statement of revenues, expenditures, and changes in fund balances has been restated, as discussed in Note 21 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Township School District's basic financial statements. The introductory section, combining and individual fund statements long-term debt schedules and statistical section, are presented

for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2022 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

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

Medford, New Jersey
February 13, 2022

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

As management of the Township of Franklin School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

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

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

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

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

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

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

Notes to the Basic Financial Statements

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

Financial Analysis of the School District as a Whole

Recall that the Statement of Net Position provides the perspective of the school district as a whole (governmental and business-type activities). Net position may serve over time as a useful indicator of a government's financial position.

The School District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt and other long-term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

As described in Note 1 to the financial statements "Adopted Accounting Pronouncements", the district has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021. These resulted in a restatement of the District's opening net position as of July 1, 2020 in the

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

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

amount of \$149,468, as indicated in Note 21 to the Financial Statements. Prior years' balances reflected in the MD&A have been updated to reflect this change.

Table 1 provides a summary of the School Districts net position for the fiscal years 2021 compared to fiscal year 2020.

Table 1
Summary of Net Position

	June 30, 2021	June 30, 2020	Increase/ (Decrease)	Percentage Change
Current & Other Assets	\$ 5,984,702	\$ 6,397,583	\$ (412,881)	-6.5%
Capital Assets, Net	15,012,665	15,355,009	(342,344)	-2.2%
Total Assets	<u>20,997,367</u>	<u>21,752,592</u>	<u>(755,225)</u>	-3.5%
Deferred Outflow of Resources	<u>1,347,100</u>	<u>1,604,876</u>	<u>(257,776)</u>	-16.1%
Current and other Liabilities	589,969	2,010,710	(1,420,741)	-70.7%
Noncurrent Liabilities	<u>9,384,982</u>	<u>9,986,611</u>	<u>(601,629)</u>	-6.0%
Total Liabilities	<u>9,974,951</u>	<u>11,997,321</u>	<u>(2,022,370)</u>	-16.9%
Deferred Inflow of Resources	<u>2,493,420</u>	<u>2,355,785</u>	<u>137,635</u>	100.0%
Net Position:				
Net Investment in Capital Assets	11,554,951	13,176,858	(1,621,907)	-12.3%
Restricted	4,636,061	4,038,193	597,868	14.8%
Unrestricted (Deficit)	<u>(6,314,916)</u>	<u>(8,210,689)</u>	<u>1,895,773</u>	-23.1%
Total Net Position	<u>\$ 9,876,096</u>	<u>\$ 9,004,362</u>	<u>\$ 871,734</u>	9.7%

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

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

Table 2 shows the changes in net position for fiscal year 2021 compared to fiscal year 2020.

Table 2
Summary of Changes in Net Position

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 8,968	\$ 164,081	\$ (155,113)	-94.5%
Operating Grants & Contributions	8,751,986	5,476,089	3,275,897	59.8%
General Revenues:				
Property Taxes	11,287,790	11,287,790	-	0.0%
Federal & State Aid	9,521,730	9,494,643	27,087	0.3%
Other General Revenues	1,935,978	568,169	1,367,809	240.7%
Total Revenues	<u>31,506,452</u>	<u>26,990,772</u>	<u>4,515,680</u>	<u>16.7%</u>
Function/Program Expenditures:				
Regular Instruction	5,222,867	5,469,140	(246,273)	-4.5%
Special Education Instruction	2,576,272	2,517,689	58,583	2.3%
Other Instruction	762,612	842,546	(79,934)	-9.5%
Tuition	438,158	625,987	(187,829)	-30.0%
Student & Instruction Related Services	2,249,840	2,236,514	13,326	0.6%
General Administrative Services	521,868	515,679	6,189	1.2%
School Administrative Services	507,792	499,515	8,277	1.7%
Central Services	312,300	368,753	(56,453)	-15.3%
Administration Information Technology	110,700	110,700	-	0.0%
Plant Operations & Maintenance	1,918,918	1,946,350	(27,432)	-1.4%
Pupil Transportation	1,554,188	1,768,649	(214,461)	-12.1%
Unallocated Benefits	12,513,694	10,438,470	2,075,224	19.9%
Interest & Other Charges	159,911	58,196	101,715	174.8%
Transfer to Charter Schools	312,631	146,373	166,258	100.0%
Unallocated Depreciation	1,066,789	953,558	113,231	-100.0%
Food Service	555,646	505,826	49,820	9.8%
Total Expenditures	<u>30,784,186</u>	<u>29,003,945</u>	<u>1,780,241</u>	<u>6.1%</u>
Change In Net Position	722,266	(2,013,173)	2,735,439	-135.9%
Net Position - Beginning, as restated	9,153,830	11,017,535	(1,863,705)	-16.9%
Net Position - Ending	<u>\$ 9,876,096</u>	<u>\$ 9,004,362</u>	<u>\$ 871,734</u>	<u>9.7%</u>

Governmental Activities

During the fiscal year 2021, the net position of governmental activities increased by \$598,332 or 6.7%. The primary reason for the increase was related to decrease of expenditures in the current year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$9,675,300, with an unrestricted deficit balance of (\$6,437,877). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Governmental Activities (continued)

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

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(6,437,877)
Add back: PERS Pension Liability		5,695,505
Less: Deferred Outflows related to pensions		(1,347,100)
Add back: Deferred Inflows related to pensions		2,493,420
Unrestricted Net Position (Without GASB 68)	<u>\$</u>	403,948

Business-type Activities

During the fiscal year 2021, the net position of business-type activities increased by \$123,934 or 161.2%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$200,796.

General Fund Budgeting Highlights

Final budgeted revenues were \$22,857,390, which was \$127,819 less than the original budget. Excluding nonbudgeted revenues, the School District’s budgeted revenues exceeded actual revenues by \$95,539.

Final budgeted appropriations were \$25,845,631, which was an increase of \$624,053 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year’s budget. Excluding nonbudgeted expenditures, the School District’s budget appropriations exceeded actual expenditures by \$4,399,795.

The School District’s general fund balance – budgetary basis (Exhibit C-1) was \$6,518,981 at June 30, 2021, an increase of \$807,224 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$5,705,844, an increase of \$794,858 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District’s general fund increased by \$794,190 or 17.0% to \$5,585,078 at June 30, 2021, compared to a decrease of \$180,708 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is that the District is making more of an effort to control spending.

Special revenue fund – During the current fiscal year, the fund balance of the School District’s special revenue fund increased by \$668 to \$17,966 at June 30, 2021, compared to no change in fund

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Governmental Funds (continued)

balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the special revenue fund is the implementation of GASB 84.

Capital projects fund - There was no change in fund balance for the capital projects fund.

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

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District’s food service fund increased by \$123,934 or 161.2% to \$200,796 at June 30, 2021, compared to an increase of \$40,547 in fund balance in the prior fiscal year.

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$15,012,665 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The School Districts “Net Investment in Capital Assets” component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net decrease in the School District’s investment in capital assets for the current fiscal year in the amount of \$1,621,907. This decrease is primarily due to current year retirement of capital assets and pay down of debt being less than current year depreciation. Table 4 shows fiscal 2021 balances compared to 2020.

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Land	\$ 200,446	\$ 200,446	\$ -	0.0%
Construction in Progress	-	700,381	(700,381)	100.0%
Site Improvements	23,273	33,104	(9,831)	-29.7%
Building and Improvements	12,823,883	12,742,748	81,135	0.6%
Equipment	1,965,063	1,678,330	286,733	17.1%
	<u>\$ 15,012,665</u>	<u>\$ 15,355,009</u>	<u>\$ (342,344)</u>	-2.2%

Depreciation expense for the year was \$1,072,779. Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$1,217,000, which is a decrease of \$155,000 from the prior year.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Debt Administration (continued)

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

Factors on the School District's Future

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

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

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

Contacting the School Districts Financial Management

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

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BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 686,423	\$ 21,032	\$ 707,455
Receivables, Net (Note 4)	980,495	116,001	1,096,496
Internal Balances	18,105	(18,105)	-
Inventory	-	27,777	27,777
Restricted Cash & Cash Equivalents	4,152,974	-	4,152,974
Capital Assets, Net (Note 5)			
Non-Depreciable	200,446	-	200,446
Depreciable	14,734,384	77,835	14,812,219
Total Assets	20,772,827	224,540	20,997,367
DEFERED OUTFLOW OF RESOURCES			
Related to Pensions (Note 8)	1,347,100	-	1,347,100
Total Deferred Outflow of Resources	1,347,100	-	1,347,100
Total Assets and Deferred Outflow of Resources	22,119,927	224,540	22,344,467
LIABILITIES			
Accounts Payable	71,885	-	71,885
Accrued Interest Payable	116,208	-	116,208
Due to Other Governments	317,864	-	317,864
Unearned Revenue	60,268	23,744	84,012
Noncurrent Liabilities (Note 7):			
Due Within One Year	269,264	-	269,264
Due Beyond One Year	9,115,718	-	9,115,718
Total Liabilities	9,951,207	23,744	9,974,951
DEFERED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	2,493,420	-	2,493,420
Total Deferred Inflow of Resources	2,493,420	-	2,493,420
Total Liabilities and Deferred Inflow of Resources	12,444,627	23,744	12,468,371
NET POSITION			
Net Investment in Capital Assets	11,477,116	77,835	11,554,951
Restricted For:			
Capital Projects	2,878,423	-	2,878,423
Maintenance Reserve	1,377,351	-	1,377,351
Unemployment Compensation	362,321	-	362,321
Student Activities	17,966	-	17,966
Unrestricted	(6,437,877)	122,961	(6,314,916)
Total Net Position	\$ 9,675,300	\$ 200,796	\$ 9,876,096

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 5,222,867	\$ -	\$ -	\$ (5,222,867)	\$ -	\$ (5,222,867)
Special Education	2,576,272	-	705,164	(1,871,108)	-	(1,871,108)
Other Instruction	762,612	-	-	(762,612)	-	(762,612)
Support Services:						
Tuition	438,158	-	-	(438,158)	-	(438,158)
Student & Instruction Related Services	1,836,982	-	140,306	(1,696,676)	-	(1,696,676)
Health Services	282,821	-	-	(282,821)	-	(282,821)
Educational Media Services/School Library	130,037	-	-	(130,037)	-	(130,037)
School Administrative Services	507,792	-	-	(507,792)	-	(507,792)
General Administration	521,868	-	-	(521,868)	-	(521,868)
Central Services	312,300	-	-	(312,300)	-	(312,300)
Administrative Information Technology	110,700	-	-	(110,700)	-	(110,700)
Plant Operations & Maintenance	1,918,918	-	-	(1,918,918)	-	(1,918,918)
Pupil Transportation	1,554,188	-	-	(1,554,188)	-	(1,554,188)
Unallocated Benefits	12,513,694	-	7,235,904	(5,277,790)	-	(5,277,790)
Transfer to Charter Schools	312,631	-	-	(312,631)	-	(312,631)
Interest and Charges on Long-Term Debt	159,911	-	-	(159,911)	-	(159,911)
Unallocated Depreciation	1,066,789	-	-	(1,066,789)	-	(1,066,789)
Total Governmental Activities	30,228,540	-	8,081,374	(22,147,166)	-	(22,147,166)

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Business-Type Activities:					
Food Service	555,646	8,968	670,612	-	123,934
Total Business-Type Activities	555,646	8,968	670,612	-	123,934
Total Primary Government	\$ 30,784,186	\$ 8,968	\$ 8,751,986	(22,147,166)	123,934
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes				11,287,790	11,287,790
Federal & State Aid Not Restricted				9,521,730	9,521,730
Tuition Charges				1,624,255	1,624,255
Miscellaneous Income				315,042	315,042
Capital Asset Adjustment				(3,319)	(3,319)
Total General Revenues, Special Items, Extraordinary Items & Transfers				22,745,498	22,745,498
Change In Net Position				598,332	722,266
Net Position - Beginning, as restated				9,076,968	9,153,830
Net Position - Ending				\$ 9,675,300	\$ 9,876,096

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

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B. Fund Financial Statements

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Governmental Funds

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL
Cash & Cash Equivalents	\$ 607,241	\$ -	\$ 149,961	\$ 757,202
Receivables from Other Governments	505,204	462,406	-	967,610
Other Accounts Receivable	12,885	-	-	12,885
Interfund Accounts Receivable	353,945	-	-	353,945
Restricted Cash & Cash Equivalents	4,152,974	-	-	4,152,974
	<hr/>			
Total Assets	<u>\$ 5,632,249</u>	<u>\$ 462,406</u>	<u>\$ 149,961</u>	<u>\$ 6,244,616</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Cash Overdraft	\$ -	\$ 70,779	\$ -	\$ 70,779
Accounts Payable	-	51,006	-	51,006
Payroll Deductions & Withholdings	20,879	-	-	20,879
Interfund Accounts Payable	-	288,679	47,161	335,840
Unearned Revenue	26,292	33,976	-	60,268
	<hr/>			
Total Liabilities	47,171	444,440	47,161	538,772
Fund Balances:				
Restricted for:				
Maintenance Reserve	1,377,351	-	-	1,377,351
Capital Reserve Account	2,775,623	-	-	2,775,623
Unemployment Compensation	362,321	-	-	362,321
Student Activities	-	17,966	-	17,966
Capital Projects Fund	-	-	102,800	102,800
Assigned to:				
Other Purposes	293,153	-	-	293,153
Designated for Subsequent Year Expenditure	736,107	-	-	736,107
Unassigned:				
General Fund	40,523	-	-	40,523
	<hr/>			
Total Fund Balances	5,585,078	17,966	102,800	5,705,844
	<hr/>			
Total Liabilities & Fund Balances	<u>\$ 5,632,249</u>	<u>\$ 462,406</u>	<u>\$ 149,961</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$28,958,109 and the accumulated depreciation is \$14,023,279. \$ 14,934,830

Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds. (116,208)

Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.

Deferred Outflows related to pensions	1,347,100
Deferred Inflows related to pensions	(2,493,420)

Accrued pension contributions for the June 30, 2021 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position. (317,864)

Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (9,384,982)

Net position of Governmental Activities \$ 9,675,300

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 11,287,790	\$ -	\$ -	\$ -	\$ 11,287,790
Tuition	1,624,255	-	-	-	1,624,255
Transportation	157,682	-	-	-	157,682
Interest Earned on Capital Reserve Funds	19	-	-	-	19
Miscellaneous	145,715	11,626	-	-	157,341
Total Local Sources	<u>13,215,461</u>	<u>11,626</u>	<u>-</u>	<u>-</u>	<u>13,227,087</u>
State Sources	13,231,522	-	-	-	13,231,522
Federal Sources	7,571	833,844	-	-	841,415
Total Revenues	<u>26,454,554</u>	<u>845,470</u>	<u>-</u>	<u>-</u>	<u>27,300,024</u>
Expenditures:					
Current Expense:					
Regular Instruction	5,296,368	-	-	-	5,296,368
Special Education Instruction	1,871,776	704,496	-	-	2,576,272
Other Instruction	762,612	-	-	-	762,612
Support Services:					
Tuition	438,158	-	-	-	438,158
Student & Instruction Related Services	1,696,676	140,306	-	-	1,836,982
Health Services	282,821	-	-	-	282,821
Educational Media Services/					
School Library	130,037	-	-	-	130,037
Instructional Staff Training	22,608	-	-	-	22,608
General Administrative	499,260	-	-	-	499,260
School Administrative Services	507,792	-	-	-	507,792
Central Services	312,300	-	-	-	312,300
Administrative Information Technology	110,700	-	-	-	110,700
Plant Operations & Maintenance	1,918,918	-	-	-	1,918,918
Pupil Transportation	1,554,188	-	-	-	1,554,188
Employee Benefits	5,319,715	-	-	-	5,319,715
On Behalf TPAF Pension and Social					
Security Contributions	3,705,737	-	-	-	3,705,737
Debt Service:					
Principal	-	-	-	155,000	155,000
Interest & Other Charges	8,491	-	-	41,160	49,651
Capital Outlay	713,416	-	-	-	713,416
Total Expenditures	<u>25,151,573</u>	<u>844,802</u>	<u>-</u>	<u>196,160</u>	<u>26,192,535</u>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	<u>1,302,981</u>	<u>668</u>	<u>-</u>	<u>(196,160)</u>	<u>1,107,489</u>
Other Financing Sources/(Uses):					
Transfers In	-	-	-	196,160	196,160
Transfers Out	(196,160)	-	-	-	(196,160)
Transfer to Charter School	(312,631)	-	-	-	(312,631)
Total Other Financing Sources & Uses	<u>(508,791)</u>	<u>-</u>	<u>-</u>	<u>196,160</u>	<u>(312,631)</u>
Net Change in Fund Balances	794,190	668	-	-	794,858
Fund Balances July 1, as restated	<u>4,790,888</u>	<u>17,298</u>	<u>102,800</u>	<u>-</u>	<u>4,910,986</u>
Fund Balances June 30,	<u>\$ 5,585,078</u>	<u>\$ 17,966</u>	<u>\$ 102,800</u>	<u>\$ -</u>	<u>\$ 5,705,844</u>

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 794,858

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (1,066,789)	
Capital Asset Adjustments	(3,319)	
Capital Outlays	<u>713,416</u>	(356,692)

Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 228,501

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+). (110,260)

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. 24,186

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 17,739

Change in Net Position of Governmental Activities \$ 598,332

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

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Proprietary Funds

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2021**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS <u>FOOD SERVICE FUND</u>	TOTAL
Current Assets:		
Cash & Cash Equivalents	\$ 21,032	\$ 21,032
Accounts Receivable:		
Federal	107,247	107,247
State	2,645	2,645
Other	6,109	6,109
Inventories	<u>27,777</u>	<u>27,777</u>
 Total Current Assets	 <u>164,810</u>	 <u>164,810</u>
Capital:		
Equipment	309,747	309,747
Accumulated Depreciation	<u>(231,912)</u>	<u>(231,912)</u>
 Total Capital Assets	 <u>77,835</u>	 <u>77,835</u>
 Total Assets	 <u>242,645</u>	 <u>242,645</u>
 LIABILITIES		
Current Liabilities:		
Unearned Revenue	23,744	23,744
Interfund Payable	<u>18,105</u>	<u>18,105</u>
 Total Current Liabilities	 <u>41,849</u>	 <u>41,849</u>
 Total Liabilities	 <u>41,849</u>	 <u>41,849</u>
 NET POSITION		
Investment in Capital Assets	77,835	77,835
Unrestricted	<u>122,961</u>	<u>122,961</u>
 Total Net Position	 <u>\$ 200,796</u>	 <u>\$ 200,796</u>

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2021**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND	
	FOOD SERVICE FUND	TOTAL
Operating Revenue:		
Daily Sales - Nonreimbursable Programs	\$ 8,791	\$ 8,791
Special Functions	177	177
	<hr/>	<hr/>
Total Operating Revenue	8,968	8,968
	<hr/>	<hr/>
Operating Expenses:		
Salaries	175,670	175,670
Employee Benefits	51,304	51,304
Supplies and Materials	19,199	19,199
Other Purchased Services	33,280	33,280
Depreciation	5,990	5,990
Miscellaneous Other Expenses	11,614	11,614
Cost of Sales - Reimbursable Programs	257,787	257,787
Cost of Sales - Non-Reimbursable Programs	802	802
	<hr/>	<hr/>
Total Operating Expenses	555,646	555,646
	<hr/>	<hr/>
Operating (Loss)/Gain	(546,678)	(546,678)
	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):		
State Sources:		
State School Lunch Program	17,635	17,635
Federal Sources:		
National School Lunch Program	371,772	371,772
Food Distribution Program	54,642	54,642
National Breakfast Program	226,563	226,563
	<hr/>	<hr/>
Total Nonoperating Revenues	670,612	670,612
	<hr/>	<hr/>
Change in Net Position	123,934	123,934
Net Position - Beginning of Year	76,862	76,862
	<hr/>	<hr/>
Total Net Position - End of Year	\$ 200,796	\$ 200,796
	<hr/> <hr/>	<hr/> <hr/>

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR FISCAL YEAR ENDED JUNE 30, 2021**

	BUSINESS-TYPE ACTIVITIES		TOTAL
	<u>ENTERPRISE FUND</u> FOOD SERVICE FUND	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND</u>	
Cash Flows From Operating Activities:			
Receipts from Customers	\$ (2,127)	\$ (9,320)	\$ (11,447)
Payments to Employees	(175,670)	-	(175,670)
Payments for Employee Benefits	(51,304)	-	(51,304)
Payments to Suppliers	(346,852)	-	(346,852)
Net Cash Provided/(Used) by Operating Activities	<u>(575,953)</u>	<u>(9,320)</u>	<u>(585,273)</u>
Cash Flows From Capital Financing Activities:			
Purchase of Equipment	(20,338)	-	(20,338)
Net Cash Used by Capital Financing Activities	<u>(20,338)</u>	<u>-</u>	<u>(20,338)</u>
Cash Flows From Noncapital Financing Activities:			
Cash Received From State & Federal Reimbursements	574,267	-	574,267
Net Cash Provided by Noncapital Financing Activities	<u>574,267</u>	<u>-</u>	<u>574,267</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(22,024)	(9,320)	(31,344)
Cash & Cash Equivalents, July 1	<u>43,056</u>	<u>9,320</u>	<u>52,376</u>
Cash & Cash Equivalents, June 30	<u>\$ 21,032</u>	<u>\$ -</u>	<u>\$ 21,032</u>

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

Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ (546,678)	\$ -	\$ (546,678)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	5,990	-	5,990
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	138	-	138
(Increase)/Decrease in Inventory	10,301	-	10,301
Increase/(Decrease) in Unearned Revenue	(11,233)	(9,320)	(20,553)
Increase/(Decrease) in Accounts Payable	(34,471)	-	(34,471)
Total Adjustments	<u>(29,275)</u>	<u>(9,320)</u>	<u>(38,595)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (575,953)</u>	<u>\$ (9,320)</u>	<u>\$ (585,273)</u>

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

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

The Township of Franklin School District (hereafter referred to as the “School District”) is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through sixth, as well as having a preschool program for handicapped children, at its three schools. The School District has an approximate enrollment at June 30, 2021 of 1,296 students.

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

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

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

Component Units

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34, GASB Statement No. 80, Blending Requirements for certain component Units - an Amendment of GASB Statement No. 14 and GASB Statement No. 90, Majority Equity Interests – An amendment of GASB Statements No. 14 and No. 61. The School District had no component units as of for the year ended June 30, 2021.

Government-Wide Financial Statements

The School District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

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

Governmental Fund Financial Statements

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

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

Proprietary Fund Financial Statements

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the School District’s enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

The School District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

The School District reports the following major proprietary funds:

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

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

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

Budgets/Budgetary Control

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

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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

GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

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

Encumbrances

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

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

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

Cash and Cash Equivalents

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

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

Additionally, the School District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2021 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

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

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances.

Capital Assets

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

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

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

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

Compensated Absences

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

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

Fund Balance

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2021.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2021:

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the School District's financial statements.

Bond Premiums, Discounts and Issuance Costs

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2021, the School District's bank balance of \$5,627,722 was exposed to custodial credit risk as follows:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 2. Cash Deposits and Investments (continued):

Insured under FDIC and GUDPA	\$	4,821,325
Uninsured and Uncollateralized		806,397
		\$ 5,627,722

Investments

The School District has no investments at June 30, 2021.

Note 3. Reserve Accounts

A. Capital Reserve

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$	2,558,042
Increased by:		
Interest Earnings		19
Deposits approved by Board		470,519
Excess Capital Projects Funds		1,492,995
		4,521,575
Decreased by:		
Budget Withdrawals - Transfer to Debt Service		(196,160)
Budget Withdrawals - Transfer to Capital Projects		(1,549,792)
Ending Balance, June 30, 2021		\$ 2,775,623

The June 30, 2021 balance did not exceed the LRFP balance of local support costs of uncompleted capital projects.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 3. Reserve Accounts (continued):

B. Maintenance Reserve Account

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

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$	1,377,351
Increased by:		
Excess Funds		665,966
		2,043,317
Decreased by:		
Budget Withdrawals		(665,966)
Ending Balance, June 30, 2021	\$	1,377,351

Note 4. Accounts Receivable

Accounts receivable at June 30, 2021 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ 462,406	\$ 462,406	\$ 107,247	\$ 107,247
State Awards	131,965	-	131,965	2,645	2,645
Other	386,124	-	386,124	6,109	6,109
Total	\$ 518,089	\$ 462,406	\$ 980,495	\$ 116,001	\$ 116,001

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance July 1, <u>2020</u>	<u>Additions</u>	Retirements <u>and Adjustments</u>	Balance June 30, <u>2021</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 200,446	\$ -	\$ -	\$ 200,446
Construction in Progress	700,381	-	(700,381)	-
Total Capital Assets not being depreciated	900,827	-	(700,381)	200,446
Capital Assets being depreciated:				
Land Improvements	250,807	-	-	250,807
Buildings and Improvements	21,943,427	700,381	-	22,643,808
Equipment	5,194,530	713,416	(44,898)	5,863,048
Total Capital Assets being depreciated	27,388,764	1,413,797	(44,898)	28,757,663
Less: Accumulated Depreciation:				
Land Improvements	(217,703)	(9,831)	-	(227,534)
Buildings and Improvements	(9,200,679)	(619,246)	-	(9,819,925)
Equipment	(3,579,687)	(437,712)	41,579	(3,975,820)
Total Accumulated Depreciation	(12,998,069)	(1,066,789)	41,579	(14,023,279)
Total Capital Assets being depreciated, net	14,390,695	347,008	(3,319)	14,734,384
Total Governmental Activities Capital Assets, net	\$ 15,291,522	\$ 347,008	\$ (703,700)	\$ 14,934,830
	Balance July 1, <u>2020</u>	<u>Additions</u>	Retirements <u>and Transfers</u>	Balance June 30, <u>2021</u>
Business-Type Activities:				
Equipment	\$ 289,409	\$ 20,338	\$ -	\$ 309,747
	289,409	20,338	-	309,747
Less: Accumulated Depreciation:				
Equipment	(225,922)	(5,990)	-	(231,912)
	(225,922)	(5,990)	-	(231,912)
Total Business-Type Activities Capital Assets, net	\$ 63,487	\$ 14,348	\$ -	\$ 77,835

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2021 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 353,945	\$ -
Special Revenue Fund	-	288,679
Capital Projects Fund	-	47,161
Food Service Fund	-	18,105
	<u>\$ 353,945</u>	<u>\$ 353,945</u>

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

The summary of interfund transfers follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 196,160	\$ -
Debt Service Fund	-	196,160
	<u>\$ 196,160</u>	<u>\$ 196,160</u>

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

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2021 the following changes occurred in long-term obligations:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 1,372,000	\$ -	\$ 155,000	\$ 1,217,000	\$ 155,000
Capital Leases	2,314,215	-	73,501	2,240,714	114,264
Compensated Absences	249,502	-	17,739	231,763	-
Net Pension Liability	6,050,894	-	355,389	5,695,505	-
	<u>\$ 9,986,611</u>	<u>\$ -</u>	<u>\$ 601,629</u>	<u>\$ 9,384,982</u>	<u>\$ 269,264</u>

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Long-Term Obligations (continued):

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds. At June 30, 2021, bonds payable consisted of the following individual issues:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2013 School Bonds	2.00% - 3.00%	6/15/2028	\$ 2,332,000	\$ <u>1,217,000</u>
				<u>\$ 1,217,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 155,000	\$ 36,510	\$ 191,510
2023	165,000	31,860	196,860
2024	170,000	26,910	196,910
2025	175,000	21,810	196,810
2026	180,000	16,560	196,560
2027-2028	<u>372,000</u>	<u>16,770</u>	<u>388,770</u>
	<u>\$ 1,217,000</u>	<u>\$ 150,420</u>	<u>\$ 1,367,420</u>

Bonds Authorized But Not Issued:

As of June 30, 2021, the School District had no authorized but not issued bonds.

B. Capital Leases

During the year ended June 30, 2020, one new capital lease was approved totaling \$2,208,445, for ESIP equipment at an interest rate of 2.85%. Prior year capital leases provided for Chrome Books, other computer equipment, two school buses and a truck. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2021:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Long-Term Obligations (continued):

B. Capital Leases (continued)

Fiscal Year Ending <u>June 30,</u>		
2022	\$	114,264
2023		75,373
2024		79,786
2025		84,382
2026		88,267
2027-2031		457,704
2032-2036		599,016
2037-2041		<u>741,922</u>
Present Value of Minimum Lease Payments	\$	<u>2,240,714</u>

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 8. Pension Plans (continued):

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

retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2021, the School District reported a liability of \$5,695,505 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The School District's proportion measured as of June 30, 2020, was 0.03493%, which was an increase of 0.00134% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized full accrual pension expense of \$382,072 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 103,706	\$ 20,142
Changes of Assumptions	184,769	2,384,762
Net Difference between Projected and Actual Earnings on Pension Plan Investments	194,677	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	546,084	88,516
School District Contributions Subsequent to Measurement Date	317,864	-
	<u>\$ 1,347,100</u>	<u>\$ 2,493,420</u>

\$317,864 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2022 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>Dec 31,</u>	<u>Amount</u>
2021	\$ (511,483)
2022	(525,073)
2023	(219,812)
2024	(76,186)
2025	(131,630)
	<u>\$ (1,464,184)</u>

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the discount rate of 7.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 7,226,069</u>	<u>\$ 5,695,505</u>	<u>\$ 4,479,568</u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

Balances at June 30, 2021 and June 30, 2020

	<u>6/30/2021</u>	<u>6/29/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 1,383,360,202	\$ 2,122,619,897
Collective Deferred Inflows of Resources	6,885,726,332	6,618,184,855
Collective Net Pension Liability	16,435,616,426	18,143,832,135
District's portion of the Plan's total Net Pension Liability	0.03493%	0.03358%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2020 was \$50,951,910. The School District's proportionate share was \$-0-

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the School District was based on projection of the State's long-term contributions to the pension plan associated with the School District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.07738%, which was a decrease of (*pension note cell Q16*) .00523% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the School District recognized \$3,168,407 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2020 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through 2026	1.55 - 4.45%	Based on Years of Service
Thereafter	2.75 - 5.65%	Based on Years of Service
Investment Rate of Return		7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%

Discount Rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.40% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the TPAF Employer Number - 7015	<u>59,848,978</u>	<u>50,951,910</u>	<u>43,564,382</u>
	<u>\$ 59,848,978</u>	<u>\$ 50,951,910</u>	<u>\$ 43,564,382</u>

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

Balances at June 30, 2021 and June 30, 2020

	<u>6/30/2021</u>	<u>6/30/2020</u>
Collective Deferred Outflows of Resources	\$ 9,458,881,999	\$ 9,932,767,606
Collective Deferred Inflows of Resources	14,424,322,612	17,539,845,423
Collective Net Pension Liability	65,993,498,688	61,519,112,443
District's portion of the Plan's total Net Pension Liability	0.07738%	0.08261%

C. Defined Contribution Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 8. Pension Plans (continued):

C. Defined Contribution Plan (DCRP) (continued)

- Employees enrolled in the Police and Firemen’s Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established “maximum compensation” limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2021 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per
- week for State employees, or 32 hours per week for local government or local education employees

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

For the year ended June 30, 2021, employee contributions totaled \$9,987, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$12,856.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

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

Basis of Presentation

The Schedule presents the State of New Jersey’s obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles.

Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Total Nonemployer OPEB Liability: \$ 67,809,962,608

Inflation Rate: 2.5%

	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.45% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	1.55 - 4.45% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2020 was \$75,915,159. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the OPEB Obligation attributable to the School District was 0.11195%, which was a decrease of 0.00110% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB expense in the amount of \$3,427,365 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2020 measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 91,519,643	\$ 75,915,159	\$ 63,713,956
State of New Jersey's Total Non- employer Liability	\$ 81,748,410,002	\$ 67,809,962,608	\$ 56,911,439,160

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

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

The following presents the total nonemployer OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 61,281,276	\$ 75,915,159	\$ 93,340,861
State of New Jersey's Total Nonemployer OPEB Liability	\$ 54,738,488,540	\$ 67,809,962,608	\$ 83,375,182,975

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2020 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ 10,295,318,750	\$ (9,170,703,615)
Change in Assumptions	-	-
Contributions Made in Fiscal Year	11,534,251,250	(7,737,500,827)
Year Ending 2020 After June 30, 2019 Measurement Date **	TBD	-
	\$ 21,829,570,000	\$ (16,908,204,442)

** Employer Contributions made after June 30, 2020 are reported as a deferred outflow of resources, but are not amortized in expense.

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

Fiscal Year Ending June 30,	
2021	\$ 43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
	<u>\$ 4,921,365,558</u>

Plan Membership

At June 30, 2019, the Program membership consisted of the following:

	<u>June 30, 2019</u>
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	<u>149,304</u>
	<u>366,108</u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

Total OPEB Liability

Service Cost	\$ 1,790,973,822
Interest Cost	1,503,341,357
Difference Between Expected & Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Contributions: Member	35,781,384
Gross Benefit Payments	<u>(1,180,515,618)</u>
Net Change in Total OPEB Liability	26,080,881,563
Total OPEB Liability (Beginning)	<u>41,729,084,045</u>
Total OPEB Liability (Ending)	<u>\$ 67,809,965,608</u>
Total Covered Employee Payroll	\$ 14,267,738,658
Net OPEB Liability as a Percentage of Payroll	475%

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2021, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$2,334,126, \$638,123, \$731,479 and \$2,009, respectively.

Note 11. Risk Management

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

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

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ -	\$ 43,194	\$ 522	\$ 9,225	\$ 362,321
2019-2020	-	24,579	1,602	40,878	327,830
2018-2019	-	15,129	1,703	19,090	342,527

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 13. Economic Dependency

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

Note 14. Deferred Compensation

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

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

Note 15. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2021 is \$231,763.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021 no liability existed for compensated absences in the proprietary fund types.

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 16. Operating Leases

There was no operating lease obligations that existed for the year ended June 30, 2021.

Note 17. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 18. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 was \$0.

Note 19. Fund Balance

General Fund – Of the \$5,585,078 General Fund fund balance at June 30, 2021, \$2,775,623 has been reserved in the Capital Reserve Account; \$1,377,351 has been reserved in the Maintenance Reserve Account; \$293,153 has been reserved for encumbrances; \$736,107 has been designated for subsequent year expenditures; \$362,321 has been reserved for New Jersey Unemployment Compensation; and \$40,523 is unassigned.

Special Revenue Fund – Of the \$17,966 Special Revenue Fund fund balance at June 30, 2021, \$17,966 is restricted for student activities.

Capital Projects Fund – Of the \$102,800 Capital Projects Fund fund balance at June 30, 2021, \$102,800 is restricted for capital projects.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 20. Deficit in Net Position

Unrestricted Net Position – The School District’s governmental activities had a deficit in unrestricted net position in the amount of \$(6,437,877). The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employees’ Retirement System (PERS) as of June 30, 2021. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

Note 21. Prior Period Adjustment/Restatement of Net Position and Fund Balance

During the year ended June 30, 2021 the District adopted GASB Statement No. 84, *Fiduciary Activities* (See Note 1). The District adjusted its beginning balances to reflect all newly adopted standards for its Restricted Net Position and Restricted Fund Balance for New Jersey Unemployment Trust Fund, Scholarships and Student Activities. The beginning balances as of July 1, 2020 were adjusted as follows:

Governmental Activities (Exhibit A-2):

Balance, July 1, 2020 prior to Adjustment	\$ 8,927,500
Add:	
New Jersey Unemployment Trust	327,830
Student Activities	<u>17,298</u>
Less:	
Transfer from Capital Reserve to Debt Service	<u>(195,660)</u>
Balance, July 1, 2020 Restated	<u><u>\$ 9,076,968</u></u>

General Fund (Exhibit B-2):

Balance, July 1, 2020 prior to Adjustment	\$ 4,658,718
Add:	
New Jersey Unemployment Trust	<u>327,830</u>
Less:	
Transfer from Capital Reserve to Debt Service	<u>(195,660)</u>
Balance, July 1, 2020 Restated	<u><u>\$ 4,790,888</u></u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021**

Note 21. Prior Period Adjustment/Restatement of Net Position and Fund Balance (continued)

Special Revenue Fund (Exhibit B-2):

Balance, July 1, 2020 prior to Adjustment	\$	-
Add:		
Student Activities		17,298
Balance, July 1, 2020 Restated	\$	17,298

Note 22. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and February 14, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure other than the following.

The COVID-19 pandemic is ongoing. Because of the evolving nature of the outbreak and federal, state and local responses, it cannot be predicted how the outbreak will impact the financial condition or operations of the 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. To date the School District has not been materially and adversely affected financially due to the virus.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

ACCOUNT NUMBERS	JUNE 30, 2021				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:						
Local Tax Levy	10-1210	\$ 11,287,790	\$ -	\$ 11,287,790	\$ 11,287,790	\$ -
Tuition from Individuals	10-1310	36,000	-	36,000	5,480	(30,520)
Tuition from Other LEA's Within the State	10-1320	1,825,107	-	1,825,107	1,618,775	(206,332)
Transportation Fees from Other LEA's	10-1420	176,385	-	176,385	157,682	(18,703)
Interest on Maintenance Reserve Funds	10-1513	150	-	150	-	(150)
Interest on Capital Reserve Funds	10-1511	175	-	175	19	(156)
Miscellaneous Revenues	10-1990	45,000	-	45,000	145,715	100,715
Total Local Sources		13,370,607	-	13,370,607	13,215,461	(155,146)
State Sources:						
Equalization Aid	10-3176	7,815,645	(127,819)	7,687,826	7,687,826	-
Categorical Security Aid	10-3177	177,000	-	177,000	177,000	-
Categorical Transportation Aid	10-3121	836,192	-	836,192	836,192	-
Categorical Special Education Aid	10-3132	737,647	-	737,647	737,647	-
Extraordinary Aid	10-3131	-	-	-	67,531	67,531
Non-Public Transportation Aid	10-3190	-	-	-	28,710	28,710
Homeless Tuition	10-3xxx	-	-	-	3,913	3,913
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	2,334,126	2,334,126
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	731,479	731,479
On-Behalf TPAF Long Term Disability Insurance Contributions		-	-	-	2,009	2,009
Reimbursed TPAF Social Security Contribution		-	-	-	638,123	638,123
Total State Sources		9,566,484	(127,819)	9,438,665	13,244,556	3,805,891
Federal Sources:						
Medicaid Reimbursement		48,118	-	48,118	7,571	(40,547)
Total Federal Sources		48,118	-	48,118	7,571	(40,547)
Total Revenues		22,985,209	(127,819)	22,857,390	26,467,588	3,610,198
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	542,338	(8,702)	533,636	518,870	14,766
Grades 1 - 5	11-120-100-101	3,363,874	(19,058)	3,344,816	3,318,945	25,871
Grades 6 - 8	11-130-100-101	724,367	63,584	787,951	768,750	19,201
Home Instruction:						
Salaries of Teachers	11-150-100-101	5,000	(664)	4,336	-	4,336
Purchased Professional/Education Services	11-150-100-320	6,000	7,625	13,625	11,916	1,709
Regular Programs - Undistributed Instruction:						
Purchased Professional/Education Services	11-190-100-320	21,000	-	21,000	4,725	16,275
Other Purchased Services	11-190-100-500	423,965	12,855	436,820	343,693	93,127
General Supplies	11-190-100-610	620,827	10,547	631,374	315,417	315,957
Textbooks	11-190-100-640	-	-	-	-	-
Miscellaneous Expenditures	11-190-100-890	28,610	(968)	27,642	14,052	13,590
Total Regular Programs		5,735,981	65,219	5,801,200	5,296,368	504,832
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	173,719	(1,354)	172,365	155,823	16,542
Other Salaries for Instruction	11-204-100-106	124,695	(24,130)	100,565	97,396	3,169
General Supplies	11-204-100-610	2,636	527	3,163	805	2,358
Total Learning and/or Language Disabilities		301,050	(24,957)	276,093	254,024	22,069

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	JUNE 30, 2021			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	142,226	1,255	143,481	143,029	452
Other Salaries for Instruction	11-212-100-106	40,436	(13,691)	26,745	25,134	1,611
General Supplies	11-212-100-610	2,265	119	2,384	153	2,231
Total Multiple Disabilities		184,927	(12,317)	172,610	168,316	4,294
Resource Room:						
Salaries of Teachers	11-213-100-101	1,141,970	(1,397)	1,140,573	1,139,460	1,113
Other Salaries for Instruction	11-213-100-106	165,931	(22,666)	143,265	138,898	4,367
General Supplies	11-213-100-610	11,624	3,217	14,841	12,040	2,801
Total Resource Room		1,319,525	(20,846)	1,298,679	1,290,398	8,281
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	112,346	20,050	132,396	117,230	15,166
Other Salaries for Instruction	11-215-100-106	63,135	(20,158)	42,977	40,767	2,210
General Supplies	11-215-100-600	1,446	349	1,795	1,041	754
Total Preschool Disabilities - Part-Time		176,927	241	177,168	159,038	18,130
Home Instruction:						
Salaries of Teachers	11-219-100-101	4,500	(2,240)	2,260	-	2,260
Purchased Professional/Education Services	11-219-100-320	6,000	(1,980)	4,020	-	4,020
Total Home Instruction		10,500	(4,220)	6,280	-	6,280
Total Special Education		1,992,929	(62,099)	1,930,830	1,871,776	59,054
Basic Skills/Remedial - Instruction:						
Salaries of Teachers	11-230-100-101	594,976	24,579	619,555	569,183	50,372
Total Bilingual Education - Instruction		594,976	24,579	619,555	569,183	50,372
Bilingual Education - Instruction:						
Salaries of Teachers	11-240-100-101	25,650	7,519	33,169	25,650	7,519
Total Bilingual Education - Instruction		25,650	7,519	33,169	25,650	7,519
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	45,530	200	45,730	3,660	42,070
Transfers to Cover Deficit	11-401-100-930	1,500	-	1,500	-	1,500
Total School Sponsored Cocurricular Activities		47,030	200	47,230	3,660	43,570
Total Other Instructional Programs		667,656	32,298	699,954	598,493	101,461
Other Supplemental/At-Risk Programs - Instruction:						
Salaries of Reading Specialists	11-424-100-179	170,169	3,963	174,132	164,119	10,013
Total Other Instructional Programs		170,169	3,963	174,132	164,119	10,013
Total Instruction		8,566,735	39,381	8,606,116	7,930,756	675,360
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEAs Within the State - Regular	11-000-100-561	74,988	-	74,988	35,136	39,852
Tuition to Other LEAs Within the State - Special	11-000-100-562	46,000	1,223	47,223	22,689	24,534
Tuition to Private School for the Handicapped - State	11-000-100-566	477,093	(149,854)	327,239	270,152	57,087
Tuition to Private School for the Handicapped - Other LEA's Out of State	11-000-100-567	111,438	-	111,438	110,181	1,257
Total Undistributed Expenditures - Instruction		709,519	(148,631)	560,888	438,158	122,730
Attendance & Social Work Services:						
Salaries	11-000-211-100	13,498	(13,498)	-	-	-
Other Purchased Services	11-000-211-500	300	(300)	-	-	-
Total Attendance & Social Work Services		13,798	(13,798)	-	-	-
Health Services:						
Salaries	11-000-213-100	256,509	6,436	262,945	262,657	288
Purchased Professional & Technical Services	11-000-213-300	12,000	800	12,800	12,800	-
Other Purchased Services	11-000-213-500	900	200	1,100	521	579
Supplies and Materials	11-000-213-600	10,320	2,898	13,218	6,843	6,375
Total Health Services		279,729	10,334	290,063	282,821	7,242

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ACCOUNT NUMBERS	JUNE 30, 2021				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	296,945	8,051	304,996	285,400	19,596
Purchased Professional/Education Services	11-000-216-320	58,235	-	58,235	27,850	30,385
Supplies and Materials	11-000-216-600	5,125	265	5,390	4,647	743
Total Other Support Services - Students - Related Services		360,305	8,316	368,621	317,897	50,724
Other Support Services - Students - Extra Services:						
Salaries of Teachers	11-000-217-100	156,709	47,450	204,159	196,013	8,146
Purchased Professional/Education Services	11-000-217-320	125,000	28,419	153,419	64,474	88,945
Supplies and Materials	11-000-217-600	4,000	-	4,000	479	3,521
Total Other Support Services - Students - Extra Services		285,709	75,869	361,578	260,966	100,612
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	168,569	13,220	181,789	162,009	19,780
Other Salaries	11-000-218-110	1,000	-	1,000	-	1,000
Other Purchased Services	11-000-218-500	3,290	-	3,290	700	2,590
Supplies and Materials	11-000-218-600	3,000	-	3,000	1,500	1,500
Total Other Support Services - Students - Regular		175,859	13,220	189,079	164,209	24,870
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	411,722	(22,740)	388,982	365,319	23,663
Salaries of Secretarial & Clerical Assistants	11-000-219-105	42,000	-	42,000	41,794	206
Other Purchased Professional and Technical Services	11-000-219-390	13,650	-	13,650	9,656	3,994
Residential Costs	11-000-219-591	20,715	(226)	20,489	6,443	14,046
Supplies and Materials	11-000-219-600	3,345	1,668	5,013	3,788	1,225
Total Other Support Services - Students - Special Services		491,432	(21,298)	470,134	427,000	43,134
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	196,968	-	196,968	187,883	9,085
Salaries of Secretarial & Clerical Assistants	11-000-221-105	34,338	858	35,196	35,196	-
Other Salaries	11-000-221-110	63,600	(378)	63,222	59,580	3,642
Salaries of Facilitators, Math & Literacy Coaches	11-000-221-176	198,599	873	199,472	198,599	873
Unused Vacation	11-000-221-199	-	10,162	10,162	10,162	-
Other Purchased Professional and Technical Services	11-000-221-390	72,656	(5,455)	67,201	32,165	35,036
Other Purchased Services	11-000-221-500	4,200	-	4,200	697	3,503
Supplies and Materials	11-000-221-600	1,500	303	1,803	632	1,171
Other Objects	11-000-221-800	2,000	-	2,000	1,690	310
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		573,861	6,363	580,224	526,604	53,620
Educational Media Services/School Library:						
Salaries	11-000-222-100	119,835	13,241	133,076	115,250	17,826
Supplies and Materials	11-000-222-600	14,108	1,859	15,967	14,787	1,180
Total Educational Media Services/School Library		133,943	15,100	149,043	130,037	19,006
Support Services Instructional Staff Training Service:						
Other Salaries	11-000-223-110	17,350	(5,499)	11,851	4,020	7,831
Purchased Professional/Education Services	11-000-223-320	32,535	10,474	43,009	13,034	29,975
Other Purchased Professional and Technical Services	11-000-223-390	3,675	470	4,145	1,653	2,492
Other Purchased Services	11-000-223-500	11,000	-	11,000	906	10,094
Supplies and Materials	11-000-223-600	8,975	-	8,975	2,995	5,980
Other Objects	11-000-223-800	-	-	-	-	-
Total Support Services Instructional Staff Training Services		73,535	5,445	78,980	22,608	56,372

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	JUNE 30, 2021			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services General Administration:						
Salaries	11-000-230-100	245,235	337	245,572	243,468	2,104
Legal Services	11-000-230-331	50,000	(19,070)	30,930	8,465	22,465
Audit Services	11-000-230-332	26,000	-	26,000	25,750	250
Architectural/Engineering Services	11-000-230-334	10,000	10,000	20,000	10,072	9,928
Other Purchased Professional Services	11-000-230-339	18,150	1,064	19,214	19,143	71
Purchased Technical Services	11-000-230-340	38,900	(281)	38,619	37,420	1,199
Communications/Telephone	11-000-230-530	42,506	10,266	52,772	51,748	1,024
BOE Other Purchased Professional Services	11-000-230-585	3,000	21	3,021	3,021	-
Other Purchased Services	11-000-230-590	67,418	(3,125)	64,293	56,937	7,356
Supplies & Materials	11-000-230-610	6,400	1,230	7,630	7,583	47
Judgements Against District	11-000-230-820	20,000	2,442	22,442	22,442	-
Miscellaneous Expenditures	11-000-230-890	7,600	(1,208)	6,392	4,540	1,852
BOE Membership Dues & Fees	11-000-230-895	8,750	(79)	8,671	8,671	-
Total Support Services General Administration		543,959	1,597	545,556	499,260	46,296
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	351,100	-	351,100	350,078	1,022
Salaries of Secretarial & Clerical Assistants	11-000-240-105	144,918	363	145,281	136,741	8,540
Other Purchased Services	11-000-240-500	6,684	(229)	6,455	677	5,778
Supplies and Materials	11-000-240-600	17,245	1,366	18,611	10,575	8,036
Other Objects	11-000-240-800	16,200	3,512	19,712	9,721	9,991
Total Support Services School Administration		536,147	5,012	541,159	507,792	33,367
Central Services:						
Salaries	11-000-251-100	262,305	(960)	261,345	261,030	315
Purchased Professional Services	11-000-251-330	13,700	(10,000)	3,700	3,700	-
Purchased Technical Services	11-000-251-340	41,553	10,922	52,475	42,116	10,359
Other Purchased Services	11-000-251-592	7,250	(507)	6,743	2,685	4,058
Supplies & Materials	11-000-251-600	2,225	544	2,769	2,769	-
Total Central Services		327,033	(1)	327,032	312,300	14,732
Administrative Information Technology:						
Salaries	11-000-252-100	5,700	-	5,700	5,700	-
Purchased Technical Services	11-000-252-340	105,000	-	105,000	105,000	-
Total Administrative Information Technology		110,700	-	110,700	110,700	-
Allowance Maintenance for School Facilities:						
Salaries	11-000-261-100	165,114	443	165,557	160,078	5,479
Cleaning, Repair & Maintenance Services	11-000-261-420	459,352	(77,404)	381,948	276,966	104,982
General Supplies	11-000-261-610	41,500	10,354	51,854	35,395	16,459
Total Allowance Maintenance for School Facilities		665,966	(66,607)	599,359	472,439	126,920

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	JUNE 30, 2021			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	650,751	6,715	657,466	628,699	28,767
Salaries of Non-Instructional Aides	11-000-262-107	59,000	624	59,624	54,306	5,318
Purchased Professional & Technical Services	11-000-262-300	46,200	5,220	51,420	36,940	14,480
Cleaning, Repair & Maintenance Services	11-000-262-420	29,370	6,788	36,158	20,327	15,831
Other Purchased Property Services	11-000-262-490	1,345	-	1,345	-	1,345
Insurance	11-000-262-520	104,951	565	105,516	105,516	-
Other Purchased Services	11-000-262-590	1,150	-	1,150	-	1,150
General Supplies	11-000-262-610	97,135	24,145	121,280	91,954	29,326
Energy (Natural Gas)	11-000-262-621	148,000	12,673	160,673	133,450	27,223
Energy (Electricity)	11-000-262-622	229,517	20,515	250,032	233,027	17,005
Miscellaneous Expenditures	11-000-262-800	7,942	960	8,902	8,722	180
Total Other Operation & Maintenance of Plant Services		1,375,361	78,205	1,453,566	1,312,941	140,625
Care & Upkeep of Grounds:						
Salaries	11-000-263-100	92,884	(2,817)	90,067	87,148	2,919
Cleaning, Repair & Maintenance Services	11-000-263-420	500	-	500	-	500
General Supplies	11-000-263-610	12,100	(445)	11,655	-	11,655
Total Care & Upkeep of Grounds		105,484	(3,262)	102,222	87,148	15,074
Security:						
Purchased Professional & Technical Services	11-000-266-300	40,000	4,000	44,000	44,000	-
Cleaning, Repair & Maintenance Services	11-000-266-420	15,000	-	15,000	2,390	12,610
Total Security		55,000	4,000	59,000	46,390	12,610
Total Operation & Maintenance of Plant Services		2,201,811	12,336	2,214,147	1,918,918	295,229
Student Transportation Services:						
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	807,444	4,550	811,994	717,564	94,430
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	181,658	(5,549)	176,109	144,908	31,201
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	7,002	-	7,002	-	7,002
Purchased Professional & Technical Services	11-000-270-390	2,021	140	2,161	1,865	296
Cleaning, Repair & Maintenance Services	11-000-270-420	48,140	2,896	51,036	19,210	31,826
Lease Purchase Payments - School Buses	11-000-270-443	-	-	-	-	-
Aid in Lieu of Payments - Nonpublic	11-000-270-503	32,000	54,463	86,463	86,463	-
Aid in Lieu of Payments - Charter School	11-000-270-504	4,000	(3,000)	1,000	717	283
Aid in Lieu of Payments - Choice School	11-000-270-505	4,000	1,474	5,474	5,474	-
Contracted Services (Other Than Between Home & School) - Joint Agreements	11-000-270-513	119,845	(14,649)	105,196	88,093	17,103
Contracted Services (Special Education Students) - Joint Agreements	11-000-270-515	335,557	76,661	412,218	142,076	270,142
Miscellaneous Purchased Services - Transportation	11-000-270-593	127,180	12,481	139,661	135,335	4,326
Supplies and Materials	11-000-270-610	800	-	800	-	800
Transportation Supplies	11-000-270-615	329,950	2,125	332,075	210,721	121,354
Other Objects	11-000-270-800	1,750	12	1,762	1,762	-
Total Student Transportation Services		2,001,347	131,604	2,132,951	1,554,188	578,763

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ACCOUNT NUMBERS	JUNE 30, 2021			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Unallocated Benefits - Employee Benefits:						
Social Security	11-000-291-220	280,000	30,056	310,056	270,875	39,181
TPAF Contributions - Regular	11-000-291-231	-	69,993	69,993	69,993	-
Other Retirement Contributions - PERS	11-000-291-241	340,000	42,072	382,072	382,072	-
Other Retirement Contributions - Regular	11-000-291-249	10,000	-	10,000	7,354	2,646
Worker's Compensation	11-000-291-260	165,000	-	165,000	142,839	22,161
Health Benefits	11-000-291-270	4,878,664	(152,284)	4,726,380	4,321,757	404,623
Tuition Reimbursement	11-000-291-280	36,000	-	36,000	5,934	30,066
Other Employee Benefits	11-000-291-290	137,155	(15,000)	122,155	105,679	16,476
Unused Sick Payment to Term/Ret Staff	11-000-291-299	-	15,000	15,000	13,212	1,788
Total Unallocated Benefits - Employee Benefits		5,846,819	(10,163)	5,836,656	5,319,715	516,941
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	2,334,126	(2,334,126)
On-Behalf TPAF Post-Retirement Medical Contribution		-	-	-	731,479	(731,479)
On-Behalf TPAF Long Term Disability Insurance Contribution		-	-	-	2,009	(2,009)
Reimbursed TPAF Social Security Contribution		-	-	-	638,123	(638,123)
Total Nonbudgeted		-	-	-	3,705,737	(3,705,737)
Total Undistributed Expenditures		14,665,506	91,305	14,756,811	16,498,910	(1,742,099)
Interest Earned on Maintenance Reserve	10-606	150	-	150	-	150
Total Expenditures - Current Expense		23,232,391	130,686	23,363,077	24,429,666	(1,066,589)
Capital Outlay:						
Undistributed Expenditures:						
Administrative Information Technology	12-000-252-730	85,000	(82)	84,918	84,918	-
Required Maintenance for School Facilities	12-000-261-730	-	13,100	13,100	-	13,100
Care and Upkeep of Grounds	12-000-263-730	-	50,742	50,742	44,997	5,745
Student Transportation:						
Non-instructional Equipment	12-000-270-732	58,000	5,358	63,358	62,856	502
School Buses - Regular	12-000-270-733	287,729	424,249	711,978	463,848	248,130
Total Equipment		430,729	493,367	924,096	656,619	267,477
Facilities Acquisition & Construction Services:						
Assessment for Debt Service on						
Construction Services	12-000-400-450	-	56,797	56,797	56,797	-
SDA Funding	12-000-400-896	8,491	-	8,491	8,491	-
Total Facilities Acquisition & Construction Services		8,491	56,797	65,288	65,288	-
Capital Reserve Transfer to Capital Projects	12-000-400-931	1,549,792	(56,797)	1,492,995	-	1,492,995
Increase in Capital Reserve	10-604	175	-	175	-	175
Total Capital Outlay		1,989,187	493,367	2,482,554	721,907	1,760,647
Total Expenditures		25,221,578	624,053	25,845,631	25,151,573	694,058
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(2,236,369)	(751,872)	(2,988,241)	1,316,015	4,304,256

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ACCOUNT NUMBERS	JUNE 30, 2021				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Other Financing Sources/(Uses):					
Transfer of Funds to Charter School	(144,292)	(168,339)	(312,631)	(312,631)	-
Transfer of Capital Reserve to Debt Service	(196,160)	-	(196,160)	(196,160)	-
Total Other Financing Sources/(Uses)	(340,452)	(168,339)	(508,791)	(508,791)	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)	(2,576,821)	(920,211)	(3,497,032)	807,224	4,304,256
Fund Balances, July 1 - as restated	5,711,757	-	5,711,757	5,711,757	-
Fund Balances, June 30	\$ 3,134,936	\$ (920,211)	\$ 2,214,725	\$ 6,518,981	\$ 4,304,256

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 920,255
Prior Year Encumbrances Cancelled	(44)
Total	\$ 920,211

RECAPITULATION OF FUND BALANCE:

Restricted for:	
Capital Reserve	2,775,623
Maintenance Reserve	1,377,351
Unemployment Compensation	362,321
Excess Surplus	-
Assigned to:	
Year-End Encumbrances	293,153
Designated for Subsequent Year's Expenditures	736,107
Unassigned Fund Balance	974,426
Subtotal	6,518,981
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	(933,903)
Fund Balance Per Governmental Funds (GAAP)	\$ 5,585,078

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Federal Sources	\$ 564,743	\$ 1,258,931	\$1,823,674	\$ 878,053	\$ (945,621)
Local Sources	-	9,650	9,650	11,626	1,976
Total Revenues	564,743	1,268,581	1,833,324	889,679	(943,645)
Expenditures:					
Instruction:					
Salaries of Teachers	215,426	816,933	1,032,359	180,537	851,822
Other Purchased Professional Services	329,282	115,457	444,739	402,726	42,013
General Supplies	-	122,013	122,013	121,233	780
Total Instruction	544,708	1,054,403	1,599,111	704,496	894,615
Support Services:					
Salaries	12,221	(2,802)	9,419	9,419	-
Personal Services - Employee Benefits	-	53,130	53,130	52,784	346
Purchased Professional Services	7,814	23,780	31,594	21,980	9,614
Supplies and Materials	-	139,425	139,425	99,024	40,401
Student Activities	-	-	-	1,308	(1,308)
Total Support Services	20,035	213,533	233,568	184,515	49,053
Total Expenditures	564,743	1,267,936	1,832,679	889,011	943,668
Total Outflows	564,743	1,267,936	1,832,679	889,011	943,668
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	-	645	645	668	23
Fund Balances, July 1, as restated	17,298	-	17,298	17,298	-
Fund Balances, June 30	\$ 17,298	\$ 645	\$ 17,943	\$ 17,966	\$ 23

Recapitulation of Fund Balance:

Restricted for:	
Student Activities	<u>\$ 17,966</u>
Total Fund Balance	<u><u>\$ 17,966</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2021**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 26,467,588	\$ 889,679
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Federal Share	-	(44,209)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	920,869	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(933,903)	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 26,454,554</u>	<u>\$ 845,470</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 25,151,573	\$ 889,011
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
General Supplies	<hr/>	<hr/> (44,209)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 25,151,573</u>	<u>\$ 844,802</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.03493%	0.03358%	0.03166%	0.03215%	0.03279%	0.03109%	0.02077%	0.025%
School District's proportionate share of the net pension liability	\$ 5,695,505	\$ 6,050,894	\$ 6,234,632	\$ 7,483,443	\$ 9,710,535	\$ 6,978,283	\$ 5,668,178	\$ 5,138,182
District's covered-employee payroll	\$ 2,676,676	\$ 2,467,739	\$ 2,467,739	\$ 2,159,086	\$ 2,157,151	\$ 2,206,556	\$ 2,098,354	unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	212.78%	245.20%	252.65%	346.60%	450.16%	316.25%	270.12%	N/A
Plan fiduciary net position as a percentage of the total pension liability	56.27%	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 (the measurement date).

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
District's Contractually required contribution	\$ 382,072	\$ 326,650	\$ 314,962	\$ 297,813	\$ 291,274	\$ 267,260	171,238	185,461
District's Contributions in relation to the contractually required contribution	<u>(382,072)</u>	<u>(326,650)</u>	<u>(314,962)</u>	<u>(297,813)</u>	<u>(291,274)</u>	<u>(267,260)</u>	<u>(171,238)</u>	<u>(185,461)</u>
District's Contribution deficiency (excess)	<u>\$ -</u>							
District's covered-employee payroll	\$ 2,622,408	\$ 2,676,676	\$ 2,467,739	\$ 2,467,739	\$ 2,159,086	\$ 2,157,151	\$ 2,206,556	2,098,354
District's Contributions as a percentage of covered-employee payroll	14.57%	12.20%	12.76%	12.07%	13.49%	12.39%	7.76%	N/A

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
State's proportionate share of the net pension liability associated with the School District	50,951,910	50,695,788	51,006,641	54,527,584	63,568,539	50,477,691	40,074,176	\$ 38,000,591
	<u>\$ 50,951,910</u>	<u>\$ 50,695,788</u>	<u>\$ 51,006,641</u>	<u>\$ 54,527,584</u>	<u>\$ 63,568,539</u>	<u>\$ 50,477,691</u>	<u>\$ 40,074,176</u>	<u>\$ 40,074,176</u>
District's covered-employee payroll	\$ 8,886,627	unavailable	unavailable	\$ 8,519,493	\$ 7,995,099	\$ 8,257,771	\$ 8,025,064	unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	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 (the measurement date).

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

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

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

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

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

	2021	2020	2019	2018
Total OPEB Liability Associated with the District				
Service Cost	\$ 1,872,842	\$ 1,788,971	\$ 1,961,824	\$ 2,373,828
Interest Cost	1,694,535	2,081,164	2,240,302	1,939,584
Differences Between Expected and Actual	12,584,552	(8,674,433)	(5,402,956)	-
Changes of Assumptions	13,867,091	703,423	(6,045,737)	(8,016,188)
Contributions: Member	40,058	42,929	48,689	52,274
Gross Benefit Payments	(1,321,620)	(1,448,215)	(1,408,748)	(1,419,618)
Net Change in Total OPEB Liability Associated with the District	28,737,458	(5,506,161)	(8,606,626)	(5,070,120)
Total OPEB Liability Associated with the District (Beginning)	47,177,701	52,683,862	61,290,488	66,360,608
Total OPEB Liability Associated with the District (Ending)	\$ 75,915,159	\$ 47,177,701	\$ 52,683,862	\$ 61,290,488
District's Covered Employee Payroll	\$ 11,563,303	unavailable	unavailable	\$ 10,678,579
Net OPEB Liability Associated with the District as a Percentage of Payroll	656.52%	unavailable	unavailable	573.96%

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

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.60% as of June 30, 2019, to 5.40% as of June 30, 2020.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020.

OTHER SUPPLEMENTARY INFORMATION

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E. Special Revenue Fund

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	TITLE II - PART A	TITLE I PART A	TITLE III	TITLE IV	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PART B PRESCHOOL PROGRAM	OTHER LOCAL PROGRAMS	STUDENT ACTIVITIES	COVID RELIEF FUNDS	CARES GRANT	TOTAL
Revenues:											
Federal Sources	\$ 15,958	\$ 14,824	\$ 2,864	\$ 14,548	\$ 375,168	\$ 5,523	\$ 9,650	\$ -	\$ 86,996	\$ 157,277	\$ 878,053
Local Sources	-	-	-	-	-	-	-	1,976	-	-	11,626
Total Revenues	\$ 15,958	\$ 14,824	\$ 2,864	\$ 14,548	\$ 375,168	\$ 5,523	\$ 9,650	\$ 1,976	\$ 86,996	\$ 157,277	\$ 889,679
Expenditures:											
Instruction:											
Salaries of Teachers	\$ 14,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,537
Other Purchased Services	-	-	-	-	375,168	5,523	-	-	-	22,035	402,726
General Supplies	3,000	-	2,864	-	-	-	-	-	-	115,369	121,233
Total Instruction	168,713	14,824	2,864	-	375,168	5,523	-	-	-	137,404	704,496
Support Services:											
Salaries	-	-	-	8,419	-	-	1,000	-	-	-	9,419
Employee Benefits	51,006	1,134	-	644	-	-	-	-	-	-	52,784
Purchased Professional Services	-	-	-	3,200	-	-	-	-	-	18,780	21,980
Supplies & Materials	-	-	-	2,285	-	-	8,650	-	86,996	1,093	99,024
Student Activities	-	-	-	-	-	-	-	1,308	-	-	1,308
Total Support Services	51,006	1,134	-	14,548	-	-	9,650	1,308	86,996	19,873	184,515
Total Expenditures	219,719	15,958	2,864	14,548	375,168	5,523	9,650	1,308	86,996	157,277	889,011
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-	-	-	668	-	-	668
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	17,298	-	-	17,298
Fund Balance, July 1 (restated)	-	-	-	-	-	-	-	17,298	-	-	17,298
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,966	\$ -	\$ -	\$ 17,966

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F. Capital Projects Fund

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2021**

PROJECT TITLE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES		TRANSFER TO DEBT SERVICE	UNEXPENDED BALANCE JUNE 30, 2021
			PRIOR YEAR	CURRENT YEAR		
Roof and HVAC Replacement at Caroline L. Reutter Elementary School	2013	\$ 2,160,720	\$ 1,944,765	\$ -	\$ -	\$ 215,955
Total		<u>\$ 2,160,720</u>	<u>\$ 1,944,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,955</u>
					Unearned SDA Aid	\$ (113,155)
					Restricted Balance	<u>\$ 102,800</u>

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ROOF AND HVAC REPAIR AT CAROLINE L. REUTER ELEMENTARY SCHOOL
YEAR ENDED JUNE 30, 2021**

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

ADDITIONAL PROJECT INFORMATION

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

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I. Long-Term Debt

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**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2021**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY DATE	INTEREST RATE	BALANCE JUNE 30, 2020	ISSUED	RETIRED	BALANCE JUNE 30, 2021
Renovations to Mary F. Janvier and Main Road Schools	06/30/2013	\$ 2,332,000	June 15, 2022	3.000%	\$ 1,372,000	\$ -	\$ 155,000	\$ 1,217,000
			2023	3.000%	165,000			
			2024	3.000%	170,000			
			2025	3.000%	175,000			
			2026	3.000%	180,000			
			2027	3.000%	185,000			
			2028	3.000%	187,000			
Total					\$ 1,372,000	\$ -	\$ 155,000	\$ 1,217,000

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2021**

SERIES	DATE OF TERM OF LEASE	TERM OF LEASE	AMOUNT OF ORIGINAL LEASE PRINCIPAL	INTEREST PAYABLE	INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2020	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2021
Dell Computer Equipment			146,884	13,954	9.500%	30,707	-	30,707	-
Dell Computer Equipment	9/1/2017	50 months	47,119	3,581	7.600%	12,058	-	12,058	-
Dell Computer Equipment	9/1/2017	50 months	39,690	3,790	9.549%	16,220	-	7,921	8,299
Dell Chromebooks	7/30/2018	48 months	93,684	7,053	7.523%	46,785	-	22,815	23,970
ESIP Equipment	8/28/2019	21 years	2,208,445	808,636	2.850%	2,208,445	-	-	2,208,445
Total						\$ 2,314,215	\$ -	\$ 73,501	\$ 2,240,714

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	JUNE 30, 2021				POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Transfer from Other Funds	\$ 196,160	\$ -	\$ 196,160	\$ 196,160	\$ -
Total Revenues	196,160	-	196,160	196,160	-
Expenditures:					
Regular Debt Service:					
Interest	41,160	-	41,160	41,160	-
Principal	155,000	-	155,000	155,000	-
Total Expenditures	196,160	-	196,160	196,160	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

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STATISTICAL SECTION (Unaudited)

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

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Net Investment in Capital Assets	\$ 11,477,116	\$ 13,113,371	\$ 13,094,477	\$ 11,577,620	\$ 12,019,368	\$ 11,049,427	\$ 11,284,912	\$ 9,241,130	\$ 7,139,137	\$ 8,338,463
Restricted	4,636,061	4,038,193	4,053,201	5,249,395	5,012,982	5,568,195	4,132,549	4,857,287	5,317,080	3,355,614
Unrestricted	(6,437,877)	(8,224,064)	(6,247,553)	(7,262,246)	(7,139,012)	(5,786,361)	(5,685,803)	(833,358)	(54,578)	(260,941)
Total Governmental Activities	\$ 9,675,300	\$ 8,927,500	\$ 10,900,125	\$ 9,564,769	\$ 9,893,338	\$ 10,831,261	\$ 9,731,658	\$ 13,265,059	\$ 12,401,640	\$ 11,433,136
Business-Type Activities:										
Net Investment in Capital Assets	\$ 77,835	\$ 63,487	\$ 56,099	\$ 61,060	\$ 72,209	\$ 74,341	\$ 76,473	\$ 78,604	\$ 87,202	\$ 67,703
Restricted	-	-	-	-	-	47,765	-	-	-	-
Unrestricted	122,961	13,375	61,310	42,897	46,860	20,539	59,081	46,686	47,055	67,636
Total Business-Type Activities	\$ 200,796	\$ 76,862	\$ 117,409	\$ 103,957	\$ 119,069	\$ 142,645	\$ 135,554	\$ 125,290	\$ 134,257	\$ 135,338
District-Wide:										
Net Investment in Capital Assets	\$ 11,554,951	\$ 13,176,858	\$ 13,150,576	\$ 11,638,680	\$ 12,091,577	\$ 11,123,768	\$ 11,361,384	\$ 9,319,735	\$ 7,226,339	\$ 8,406,166
Restricted	4,636,061	4,038,193	4,053,201	5,249,395	5,012,982	5,615,960	4,132,549	4,857,287	5,317,080	3,355,614
Unrestricted	(6,314,916)	(8,210,689)	(6,186,243)	(7,219,349)	(7,092,152)	(5,765,822)	(5,626,721)	(786,672)	(7,523)	(193,305)
Total District Net Position	\$ 9,876,096	\$ 9,004,362	\$ 11,017,534	\$ 9,668,726	\$ 10,012,407	\$ 10,973,906	\$ 9,867,212	\$ 13,390,349	\$ 12,535,897	\$ 11,568,475

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

	FISCAL YEAR ENDING JUNE 30.									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 5,222,867	\$ 5,469,140	\$ 4,850,547	\$ 5,127,719	\$ 6,175,631	\$ 5,912,651	\$ 5,770,417	\$ 5,810,317	\$ 5,647,723	\$ 5,520,612
Special Education	2,576,272	2,517,689	2,474,773	2,457,575	1,802,721	1,749,563	1,689,218	1,693,166	1,689,804	1,608,406
Other Instruction	762,612	842,546	766,742	711,574	556,828	551,683	530,690	478,559	499,561	483,330
Support Services:										
Tuition	438,158	625,987	669,247	472,191	818,315	799,558	857,860	738,090	614,211	308,267
Student & Instruction Related Services	1,836,982	1,842,354	1,731,481	1,660,088	2,130,337	2,050,685	1,865,384	1,792,082	1,770,495	1,476,636
Health Services	282,821	269,325	254,552	254,064						
Educational Media Services/School Library	130,037	124,835	119,650	112,699						
School Administrative Services	507,792	499,515	496,192	534,324	458,297	467,257	553,920	545,270	570,958	555,178
General Administrative	521,868	515,679	538,110	661,700	456,145	419,760	400,201	432,225	471,368	493,397
Central Services & Information Technology	312,300	368,753	328,611	383,550	421,982	405,476	414,070	418,788	408,326	381,775
Administrative Information Technology	110,700	110,700	110,550	110,700						
Plant Operations & Maintenance	1,918,918	1,946,350	1,856,450	2,006,657	2,527,001	1,859,222	1,773,798	1,757,088	1,807,721	1,627,003
Pupil Transportation	1,554,188	1,768,649	2,138,244	1,982,516	1,881,306	1,597,964	1,866,533	1,571,798	1,505,658	1,577,967
Employee Benefits	12,513,694	10,438,470	10,070,593	12,562,475	11,373,075	8,951,485	7,774,883	5,378,858	5,374,070	4,750,608
Debt Issue Costs									42,054	3,565
Interest on Long-Term Debt	159,911	58,196	54,731	58,883	62,438	532,233	528,060	69,899	10,753	16,666
Transfer to Charter Schools	-	146,373	-	-	-	-	-	-	-	-
Unallocated Depreciation & Amortization	1,066,789	953,558	852,715	589,348	513,610			343,671	345,219	393,750
Total Governmental Activities Expenses	\$30,228,540	\$28,498,119	\$27,313,188	\$29,686,063	\$29,177,686	\$25,297,537	\$24,025,034	\$21,029,811	\$20,757,921	\$19,197,160
Business-Type Activities:										
Food Service	555,646	505,826	613,013	618,895	672,644	646,136	612,326	624,263	628,716	609,962
Total Business-Type Activities Expense	555,646	505,826	613,013	618,895	672,644	646,136	612,326	624,263	628,716	609,962
Total District Expenses	\$ 30,784,186	\$ 29,003,945	\$ 27,926,201	\$ 30,304,958	\$ 29,850,330	\$ 25,943,673	\$ 24,637,360	\$ 21,654,074	\$ 21,386,637	\$ 19,807,122

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

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Program Revenues:										
Governmental Activities:										
Charges for Services & Operating Grants										
Operating Grants & Contributions					2,086,169	2,085,058	1,962,703	2,192,873	2,331,520	2,099,489
Instruction (Special Education)										
Support Services:										
Student & Instruction & Related Services	140,306	71,729	96,022	55,532						
Employee Benefits	7,235,904	4,498,187	5,668,292	5,668,292						
Total Governmental Activities Program Revenues	8,081,374	5,174,891	6,382,565	6,321,191	2,086,169	2,085,058	1,962,703	2,192,873	2,331,520	2,099,489
Business-Type Activities:										
Charges for Services:										
Food Service	8,968	164,081	257,122	254,464	259,647	259,013	255,049	272,089	301,985	323,401
Operating Grants & Contributions	670,612	301,198	369,343	349,319	389,422	394,214	367,541	343,207	325,649	280,068
Total Business Type Activities Program Revenues	679,580	465,279	626,465	603,783	649,069	653,227	622,590	615,296	627,634	603,469
Total District Program Revenues	\$ 8,760,954	\$ 5,640,170	\$ 7,009,030	\$ 6,924,974	\$ 2,735,238	\$ 2,738,285	\$ 2,585,293	\$ 2,808,169	\$ 2,959,154	\$ 2,702,958
Net/(Expense)/Revenue:										
Governmental Activities	\$ (22,147,166)	\$ (23,323,228)	\$ (20,930,623)	\$ (23,364,872)	\$ (27,091,517)	\$ (23,212,479)	\$ (22,062,331)	\$ (18,836,938)	\$ (18,426,401)	\$ (17,097,671)
Business-Type Activities	123,934	(40,547)	13,452	(15,112)	(23,575)	7,091	10,264	(8,967)	(1,082)	(6,493)
Total District-Wide Net Expense	\$ (22,023,232)	\$ (23,363,775)	\$ (20,917,171)	\$ (23,379,984)	\$ (27,115,092)	\$ (23,205,388)	\$ (22,052,067)	\$ (18,845,905)	\$ (18,427,483)	\$ (17,104,164)

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

	FISCAL YEAR ENDING JUNE 30.									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 11,287,790	\$ 11,287,790	\$ 11,158,605	\$ 10,774,405	\$ 10,558,143	\$ 10,315,788	\$ 9,810,740	\$ 9,514,704	\$ 9,070,950	\$ 8,485,429
Taxes Levied for Debt Service	-	-	-	-	189,060	186,339	172,729	205,790	204,880	200,049
Unrestricted Grants & Contributions	9,521,730	9,494,644	9,377,023	9,000,574	13,719,661	12,031,057	11,907,689	8,796,742	8,586,155	8,595,288
Restricted Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Tuition Received	1,624,255	1,494,986	1,471,844	1,368,146	1,499,028	1,551,931	1,339,719	987,682	1,147,796	255,880
Transportation Fees	-	-	-	-	77,858	124,791	109,817	169,210	262,828	165,207
Investment Earnings	-	-	6,069	45	27,832	27,157	20,235	26,715	23,950	20,501
Miscellaneous Income	315,042	581,247	332,760	66,737	82,011	75,021	103,612	16,898	110,478	60,855
Transfer to Charter School	-	-	-	-	-	-	-	(13,206)	(12,133)	(16,895)
Other	(3,319)	(1,508,064)	(80,322)	(34,709)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	22,745,498	21,350,603	22,265,979	21,175,198	26,153,593	24,312,084	23,464,541	19,704,535	19,394,904	17,766,314
Total District-Wide	\$ 22,745,498	\$ 21,350,603	\$ 22,265,979	\$ 21,175,198	\$ 26,153,593	\$ 24,312,084	\$ 23,464,541	\$ 19,704,535	\$ 19,394,904	\$ 17,766,314
Change in Net Position:										
Governmental Activities	\$ 598,332	\$ (1,972,625)	\$ 1,335,356	\$ (2,189,674)	\$ (937,924)	\$ 1,099,605	\$ 1,402,210	\$ 867,597	\$ 968,503	\$ 668,643
Business-Type Activities	123,934	(40,547)	13,452	(15,112)	(23,575)	7,091	10,264	(8,967)	(1,082)	(6,493)
Total District	\$ 722,266	\$ (2,013,172)	\$ 1,348,808	\$ (2,204,786)	\$ (961,499)	\$ 1,106,696	\$ 1,412,474	\$ 858,630	\$ 967,421	\$ 662,150

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

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Restricted:										
Capital Reserve	\$ 2,775,623	\$ 2,558,042	\$ 1,752,417	\$ 1,286,301	\$ 2,379,851	\$ 2,847,261	\$ 1,730,000	\$ 1,699,169	\$ 2,500,760	\$ 3,691,304
Maintenance Reserve	1,377,351	1,377,351	1,117,800	617,800	1,078,306	1,078,306	1,078,306	1,438,293	-	-
Excess Surplus	-	-	-	1,064,948	163,403	251,207	87,804	-	-	-
Excess Surplus Designated for Subsequent Year	-	-	1,064,948	-	-	-	-	-	-	-
Emergency Reserve	-	-	-	-	250,000	250,000	-	-	-	-
Unemployment Compensation	362,321	-	-	-	-	-	-	-	-	-
Committed to Year-End Encumbrances	293,153	920,255	1,201,400	22,521	70,141	223,250	94,697	527,777	-	-
Assigned to Subsequent Year's Expenditures	736,107	164,903	78,666	23,619	26,509	31,150	-	62,878	-	-
Unrestricted	40,523	(361,833)	(375,805)	(330,549)	(362,376)	(338,696)	(400,326)	7,147,656	(358,367)	(443,398)
Total General Fund	\$ 5,585,078	\$ 4,658,718	\$ 4,839,426	\$ 2,684,640	\$ 3,605,835	\$ 4,342,478	\$ 2,590,481	\$ 10,875,773	\$ 2,142,393	\$ 3,247,906
All Other Governmental Funds:										
Restricted	\$ 102,800	\$ 102,800	\$ 118,036	\$ 2,280,346.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted, Reported in:										
Special Revenue Fund	17,966	-	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	1,141,421	1,141,421	1,141,421	1,104,292	3,331,276	-
Debt Service Fund	-	-	-	-	-	-	321	(16,209)	1	1
Total All Other Governmental Funds	\$ 120,766	\$ 102,800	\$ 118,036	\$ 2,280,346	\$ 1,141,421	\$ 1,141,421	\$ 1,141,742	\$ 1,088,083	\$ 3,331,277	\$ 1

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Taxes Local	\$ 11,287,790	\$ 11,287,790	\$ 11,158,605	\$ 10,774,405	\$ 10,747,203	\$ 10,502,127	\$ 9,983,469	\$ 9,720,494	\$ 9,275,830	\$ 8,685,478
Tuition Charges	1,624,255	1,494,986	1,471,844	1,368,146	1,499,028	1,551,931	1,339,719	987,682	1,147,796	255,880
Rent										
Transportation	157,682	178,593	104,175	124,077	27,832	27,157	20,235	26,715	23,950	20,501
Interest Earnings	19	2,071	6,069	45		199,812	213,429	186,108	373,307	226,062
Miscellaneous	157,341	409,074	228,585	200,350	159,869	109,910,139	11,461,483	10,224,780	10,170,267	9,574,460
State Sources	13,231,522	12,495,567	12,368,415	11,578,617	11,207,038	770,837	684,318	764,835	747,407	1,120,318
Federal Sources	841,415	680,908	727,623	669,666	732,165					
Total Revenue	27,300,024	26,548,989	26,065,316	24,715,306	24,373,135	23,962,002	23,702,653	21,910,614	21,738,557	19,882,698
Expenditures:										
Instruction:										
Regular Instruction	5,296,368	5,580,059	5,013,984	5,279,673	5,966,732	5,804,959	5,768,815	5,807,375	5,654,424	5,533,589
Special Education Instruction	2,576,272	2,517,689	2,474,773	2,457,575	1,792,945	1,739,787	1,680,694	1,688,027	1,688,482	1,608,406
Other Instruction	762,612	842,546	766,742	711,574	556,828	551,683	530,690	478,559	499,561	483,330
Undistributed:										
Tuition	438,158	625,987	669,247	472,191	818,315	799,558	857,860	738,090	614,211	308,267
Health Services	282,821	269,325	254,552	254,064						
Student & Instr. Related Services	1,836,982	1,842,354	1,731,481	1,651,738	2,122,230	2,042,578	1,857,277	1,783,975	1,763,739	1,476,636
Educational Media Services	130,037	124,835	119,650	112,699						
Instructional Staff Training	22,608	38,942	42,187	50,861						
General Administration	499,260	476,737	495,923	602,618	455,525	419,140	399,581	431,605	470,748	492,777
School Administration	507,792	499,515	496,192	472,876	457,615	466,575	553,237	544,948	570,757	554,977
Central Administration	312,300	368,753	328,611	383,550	421,982	405,476	414,070	418,789	408,326	381,775

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

Expenditures (continued):	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Administration Information Technology	110,700	110,700	110,550	110,700						
Allowable Maintenance for School Facilities	1,918,918	1,946,350	1,856,450	1,979,544	2,445,927	1,778,149	1,694,564	1,698,386	1,761,754	1,592,721
Operation & Maintenance of Plant Services	1,554,188	1,826,582	2,194,716	1,856,479	1,808,948	1,525,606	1,794,577	1,482,797	1,374,215	1,440,365
Student Transportation										
Business & Other Supp. Services	5,319,715	5,656,817	4,228,204	4,460,760	6,704,269	6,198,146	5,946,425	5,346,390	5,321,655	4,795,152
Unallocated Benefits										
On Behalf TPAP Pension and Social Security Contributions	3,705,737	3,005,127	3,004,742	2,594,810	1,538,855	292,010	2,553,416	2,493,163	1,499,909	379,284
Capital Outlay	713,416	2,870,536	2,178,669	589,174						
Special Schools										
Debt Service Expenditures:										
Principal	155,000	150,000	145,000	140,000	135,000	130,000	130,000	130,000	197,000	185,000
Interest	49,651	54,151	54,851	59,000	54,060	56,660	59,260	58,939	7,880	15,049
Total Expenditures	26,192,535	28,807,005	26,166,524	24,239,886	25,279,231	22,210,326	24,240,465	23,101,043	21,832,660	19,247,329
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1,107,489	(2,258,016)	(101,208)	475,420	(906,095)	1,751,676	(537,812)	(1,190,430)	(94,104)	635,370
Other Financing Sources/(Uses):										
Sale of Bonds	-	-	-	-	-	-	-	-	-	-
Capital Leases (Non-Budgeted)	-	2,208,445	93,684	-	169,452	-	-	-	2,332,000	-
Cancellation of Prior Year AP	(312,631)	(146,373)	-	(257,690)	-	-	-	-	-	-
Transfers Out	(196,160)	(195,660)	(377,413)	(1,696,790)	-	-	-	(13,206)	(12,133)	(16,895)
Transfers In	196,160	195,660	377,413	1,696,790	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	(312,631)	2,062,072	93,684	(257,690)	169,452	-	(13,206)	(13,206)	2,319,867	(16,895)
Net Change in Fund Balances	\$794,858	(\$195,944)	(\$7,524)	\$217,730	(\$736,643)	\$1,751,676	(\$537,812)	(\$1,203,636)	\$2,225,763	\$618,475
Debt Service as a Percentage of Noncapital Expenditures	0.80%	0.79%	0.83%	0.84%	0.80%	0.85%	0.87%	0.92%	1.01%	1.06%

Source: District Records

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

FISCAL YEAR	ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION REVENUE	RENTALS	TRANSP. FEES	MEDICARE SEMI & EPSDT	REFUND OF PRIOR YEAR EXPENDITURE	INSURANCE DIVIDENDS/ADJUSTMENT	MISCELLANEOUS	TOTAL
2021	\$ 7,575	\$ 1,624,255	\$ -	\$ 157,682	\$ -	\$ -	\$ -	\$ 138,140	\$ 1,927,652	
2020	18,976	1,494,986	-	178,593	-	3,969	-	376,213	2,072,737	
2019	24,065	1,471,844	-	104,175	-	3,969	-	193,493	1,797,546	
2018	29,303	1,368,146	-	124,077	-	34,170	20,252	24,277	1,600,225	
2017	27,832	1,499,028	-	77,858	-	-	-	82,011	1,686,729	
2016	27,157	1,551,931	-	124,791	47,213	-	-	75,021	1,826,113	
2015	20,235	1,339,719	-	109,817	10,525	-	-	103,612	1,583,908	
2014	26,715	987,682	3,876	169,210	10,105	11,200	4,512	1,185	1,214,485	
2013	23,950	1,189,811	3,876	262,828	21,020	11,988	29,147	2,432	1,545,052	
2012	20,501	260,016	743	165,207	19,692	36,629	16,905	243	519,936	

Source: District records

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2021	31,119,600	1,050,078,300	50,207,200	5,445,500	93,136,200	1,927,000	1,231,913,800	3,352,485	1,235,266,285	1.830	1,453,209,917
2020	31,787,800	1,045,890,200	50,955,200	5,625,000	92,253,500	1,927,000	1,228,438,700	2,159,754	1,230,598,454	1.836	1,363,159,865
2019	32,143,500	1,048,027,300	49,508,200	5,625,200	92,593,900	1,927,000	1,229,825,100	2,161,153	1,231,986,253	1.822	1,318,465,490
2018	32,122,000	1,047,529,000	49,158,100	6,166,900	92,504,200	2,127,000	1,229,607,200	2,145,537	1,231,752,737	1.896	1,304,220,449
2017	33,979,400	1,047,692,500	48,604,500	6,071,800	95,784,400	2,127,000	1,234,259,600	2,819,379	1,237,078,979	1.849	1,301,138,098
2016	34,255,500	1,045,898,900	48,197,300	5,995,600	93,081,000	2,127,000	1,229,555,300	2,907,975	1,232,463,275	1.834	1,296,691,472
2015	34,235,200	1,043,381,600	49,129,500	6,105,900	93,789,600	3,103,600	1,229,745,400	2,956,780	1,232,702,180	1.771	1,272,532,446
2014	36,089,600	1,041,281,400	47,646,600	6,035,100	96,487,300	3,605,700	1,231,145,700	3,008,212	1,234,153,912	1.706	1,274,031,085
2013	37,838,500	1,042,344,800	48,887,100	5,843,700	103,327,000	4,149,800	1,242,390,900	3,746,835	1,246,137,735	1.632	1,314,214,021
2012	23,785,000	676,688,100	33,177,400	5,877,300	62,760,500	1,969,800	804,258,100	2,447,866	806,705,966	2.391	1,383,180,084

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE				OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICES	TOTAL DIRECT SCHOOL TAX RATE	REGIONAL SCHOOL DISTRICT	FRANKLIN TOWNSHIP	GLoucester COUNTY	FRANKLIN TOWNSHIP OPEN SPACE		
2021	0.900	0.015	0.915	1.026	0.705	0.761	0.011	3.418	
2020	0.903	0.015	0.918	1.019	0.678	0.755	0.010	3.380	
2019	0.896	0.015	0.911	1.019	0.659	0.735	0.010	3.334	
2018	0.876	0.015	0.891	1.005	0.661	0.722	0.010	3.289	
2017	0.855	0.015	0.870	0.979	0.661	0.706	0.010	3.226	
2016	0.848	0.015	0.863	0.971	0.661	0.706	0.010	3.211	
2015	0.817	0.014	0.831	0.940	0.612	0.688	0.010	3.081	
2014	0.782	0.017	0.799	0.907	0.611	0.635	0.010	2.962	
2013	0.746	0.017	0.763	0.869	0.607	0.638	0.010	2.887	
2012	1.088	0.026	1.114	1.277	0.893	0.944	0.010	4.238	

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

TAXPAYER	2021		2012	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUATION	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUATION
RT Enterprises, LLC	\$ 7,090,800	0.58%	\$ 3,999,800	0.50%
R Leo & Son, LLC	3,586,300	0.29%	2,277,700	0.28%
State of NJ, Dep C/O White Oak CC			1,195,900	0.15%
Verizon New Jersey	2,192,485	0.18%		
Wawa Inc.	2,770,800	0.23%	1,498,800	0.19%
PDM, LLC: CVS	2,500,000	0.20%	1,086,500	0.14%
New Greenways	2,158,300	0.18%		
Graiff Brothers Properties	2,061,400	0.17%		
Rosemar Properties, V, LLC	1,600,000	0.13%		
In Demand Rentals LLC	1,542,900	0.24%		
AJ Seerat LLC	1,550,000	0.13%		
Visconti Borthers Properties, LLC			1,119,600	0.14%
Sharon Reed Community Dev. Corp			1,438,200	0.18%
Blackwood Town Industries, Inc.			1,143,300	0.14%
Taxpayer #1			1,278,900	0.16%
Taxpayer #2			1,130,400	0.14%
Total	\$ 28,384,353	2.31%	\$ 16,169,100	2.02%

Source: Municipal Tax Assessor.

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

YEAR ENDED DECEMBER 31	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITH THE FISCAL YEAR		COLLECTIONS IN SUBSEQUENT YEAR
		AMOUNT	PERCENT OF LEVY	
2021	\$11,287,790	11,287,790	100.00%	-
2020	11,287,790	11,287,790	100.00%	-
2019	11,158,605	11,158,605	100.00%	-
2018	10,774,405	10,774,405	100.00%	-
2017	10,558,143	10,558,143	100.00%	-
2016	10,502,127	10,502,127	100.00%	-
2015	9,983,469	9,983,469	100.00%	-
2014	9,720,494	9,720,494	100.00%	-
2013	9,275,830	9,275,830	100.00%	-
2012	8,685,478	8,685,478	100.00%	-

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

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

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES				BOND ANTICIPATION NOTES (BANs)	BUSINESS- TYPE ACTIVITIES	TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME
	GENERAL OBLIGATION BONDS	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES	CAPITAL LEASES				
2021	\$ 1,217,000	\$ -	\$ 2,240,714	\$ -	\$ -	\$ 3,457,714	N/A	
2020	1,372,000	-	2,314,215	-	-	3,686,215	N/A	
2019	1,522,000	-	274,622	-	-	1,796,622	0.19%	
2018	1,667,000	-	400,847	-	-	2,067,847	0.22%	
2017	1,807,000	-	-	-	-	1,807,000	0.25%	
2016	1,942,000	-	-	-	-	1,942,000	0.26%	
2015	2,072,000	-	-	-	-	2,072,000	0.28%	
2014	2,072,000	-	-	-	-	2,072,000	0.31%	
2013	2,332,000	-	-	-	-	2,332,000	0.03%	
2012	2,332,000	15,796	-	-	-	2,347,796	0.06%	

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

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

FISCAL YEAR ENDED JUNE 30,	<u>GENERAL BONDED DEBT OUTSTANDING</u>		PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	NET GENERAL BONDED DEBT OUTSTANDING		
2021	\$1,217,000	1,217,000	0.10%	N/A
2020	1,372,000	1,372,000	0.11%	84
2019	1,522,000	1,522,000	0.12%	102
2018	1,667,000	1,667,000	0.14%	110
2017	1,807,000	1,807,000	0.15%	117
2016	1,942,000	1,942,000	0.16%	124
2015	2,072,000	2,072,000	0.17%	124
2014	2,072,000	2,072,000	0.17%	140
2013	2,332,000	2,332,000	0.19%	132
2012	2,332,000	2,332,000	0.29%	11

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Franklin Township	\$8,265,105	100.00%	\$8,265,105
Other Debt			
Gloucester County General Obligation Debt	173,810,000	4.62%	8,023,465
Delsea Regional School District	8,651,000	78.05%	<u>6,752,106</u>
Total Direct & Overlapping Debt			<u><u>\$23,040,676</u></u>

Sources: Franklin Township Finance Officer and Gloucester County Finance Office

Debt outstanding data provided by each governmental unit.

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

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

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt Limit	\$46,803,755	\$46,118,671	\$45,355,048	\$45,355,048	\$32,309,015	\$32,195,224	\$32,344,421	\$33,061,801	\$34,539,826	\$36,014,663
Total Net Debt Applicable to Limit	1,217,000	1,372,000	1,522,000	1,667,000	1,807,000	1,942,000	2,072,000	2,202,000	2,332,000	197,000
Legal Debt Margin	\$45,586,755	\$44,746,671	\$43,833,048	\$43,688,048	\$30,502,015	\$30,253,224	\$30,272,421	\$30,859,801	\$32,207,826	\$35,817,663
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.60%	3.36%	3.68%	5.59%	6.03%	6.41%	6.66%	6.75%	0.55%	1.03%

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized Valuation Basis
	Total
2020	1,363,159,865
2019	1,330,259,708
2018	1,318,330,867
	\$4,011,750,440
Average Equalized Valuation of Taxable Property	\$1,337,250,147
Debt Limit (3.5 % of Average Equalization Value)	\$46,803,755
Net Bonded School Debt	1,217,000
Legal Debt Margin	\$45,586,755

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

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

YEAR	POPULATION (a)	PERSONAL INCOME	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2021	N/A	N/A	N/A	N/A
2020	16,340	N/A	N/A	10.7%
2019	16,329	922,572,171	56,499	4.7%
2018	16,420	892,328,480	54,344	5.4%
2017	16,451	863,611,696	52,496	5.6%
2016	16,492	837,859,568	50,804	6.7%
2015	16,593	823,294,881	49,617	8.0%
2014	16,612	786,827,380	47,365	9.4%
2013	16,626	762,767,628	45,878	11.3%
2012	16,681	749,177,072	44,912	12.5%

Source:

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

^b Personal income

^c Per Capita

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

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

EMPLOYER	2021		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT
Amazon	4,500	1	3.06%
Rowan University	3,500	2	2.38%
Inspira Health	2,051	3	1.39%
Jefferson Health	2,015	4	1.37%
Washington Township School District	1,515	5	1.05%
Shop Rite	1,300	6	0.88%
County of Gloucester	1,200	7	0.82%
U.S. Foodservices	1,014	8	0.69%
Monroe Township School District	841	9	0.55%
Walmart - Turnersville	800	10	0.54%
	18,736		12.73%

EMPLOYER	2012		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT
Inspira Health	1,860	1	
County of Gloucester	1,600	2	
Washington Township School District	1,594	3	
Rowan University	1,300	4	
Kennedy Hospital	1,200	5	
DirectGroup	850	6	
U.S. FoodService	800	7	
Monroe Township School District	775	8	
Missa Bay, LLC	750	9	
US Postal Service	700	10	
	11,429		

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

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction:										
Regular	82.0	79.0	71.0	79.0	105.0	100.0	74.0	74.0	74.0	75.0
Special Education	61.0	61.5	59.0	56.0	28.0	29.0	50.0	49.0	49.0	45.0
Other Instruction										
Support Services:										
Student & Instruction Related Services	31.5	29.0	33.0	28.0	35.4	24.0	26.0	24.0	24.0	16.0
General Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School Administration	7.0	7.0	7.0	7.0	9.0	8.0	8.0	8.0	8.0	8.0
Central Services	4.0	4.0	4.0	5.0	5.0	4.0	4.0	5.0	5.0	4.0
Plants Operations & Maintenance	19.5	19.5	20.5	21.0	25.0	19.0	23.0	23.0	21.0	18.0
Pupil Transportation	31.0	30.0	29.0	33.0	36.4	34.0	36.0	33.0	35.0	38.0
Total	239.0	233.0	226.5	232.0	246.8	221.0	224.0	219.0	219.0	207.0

Source: District Personnel Records

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	PUPIL COST PER PUPIL CHANGE	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE	
				TEACHER RATIO	STAFF RATIO					
2021	1,296	\$ 24,429,666	18,850	6.38%	143	9.1	1,294.5	1,235.1	-8.55%	95.41%
2020	1,414	25,055,614	17,720	6.52%	141	10.1	1,415.6	1,370.7	1.03%	96.83%
2019	1,387	23,073,731	16,636	2.30%	130	10.7	1,401.1	1,335.2	-0.33%	95.30%
2018	1,402	22,798,813	16,262	-1.19%	135	10.4	1,405.7	1,336.1	-2.88%	95.05%
2017	1,431	23,551,316	16,458	7.99%	133	11	1,447.4	1,375.7	2.05%	95.05%
2016	1,426	21,731,656	15,240	-0.47%	129	11	1,418.3	1,353.4	1.37%	95.42%
2015	1,404	21,497,789	15,312	4.46%	124	11	1,399.2	1,330.8	1.03%	95.11%
2014	1,393	20,418,941	14,658	2.68%	123	11	1,384.9	1,319.9	-1.51%	95.31%
2013	1,410	20,127,872	14,275	5.60%	123	12	1,406.1	1,337.7	1.29%	95.14%
2012	1,381	18,667,995	13,518	8.50%	120	12	1,388.2	1,323.8	-2.53%	95.36%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

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

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

DISTRICT BUILDINGS	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Elementary										
Caroline L. Reutter (1952):										
Square Feet	56,905	56,905	56,905	56,905	56,905	56,905	56,905	56,905	56,905	56,905
Capacity (Students)	481	481	481	481	481	481	481	481	481	481
Enrollment	381	430	418	415	361	361	361	373	437	481
Main Road (1968):										
Square Feet	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400	59,400
Capacity (Students)	516	516	516	516	516	516	516	516	516	516
Enrollment	380	376	406	418	426	426	426	445	392	365
Mary F. Janvier (1989):										
Square Feet	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500	66,500
Capacity (Students)	784	784	784	784	784	784	784	784	784	784
Enrollment	547	611	613	569	617	617	617	575	581	535
Lake School (1938):										
Square Feet	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710	5,710
Capacity (Students)	54	54	54	54	54	54	54	54	54	54
Enrollment										
Administration Building:										
Square Feet	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911	7,911
Transportation/Maintenance Building:										
Square Feet	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133	7,133
Storage/Grounds Building:										
Square Feet	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885	2,885

Number of Schools at June 30, 2021:

Elementary = 2.5

Middle School = .5

Other = 0

Source: District Facilities Office

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

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

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
GROSS SQUARE FOOTAGE										
* FOOTAGE										
Caroline L. Reutter School	\$133,929.19	\$ 125,041.66	\$ 101,541.10	\$ 148,533.40	\$ 53,532.00	\$ 72,057.64	\$ 46,735.91	\$ 81,708.06	\$130,411.65	\$ 89,859.49
Main Road School	139,801.31	130,524.11	105,993.17	155,045.84	137,323.00	99,705.65	61,479.76	77,375.61	163,701.07	65,209.43
Mary F. Janvier School	156,511.57	146,125.47	118,662.38	173,578.26	156,632.00	88,089.32	98,012.40	138,470.13	109,062.42	155,949.72
Lake School	-	12,547.01	10,188.91	14,904.24	20,409.00	22,444.35	17,542.42	17,261.98	22,784.40	28,152.20
Total School Facilities	430,242.07	414,238.25	336,385.55	492,061.74	367,896.00	282,296.96	223,770.49	314,815.78	425,959.54	339,170.84
Other Facilities	42,196.93	39,396.75	31,992.45	46,798.26	699,420.00	95,579.11	63,646.40	62,173.64	107,176.06	84,237.06
Grand Total	\$ 472,439.00	\$ 453,635.00	\$ 368,378.00	\$ 538,860.00	\$ 1,067,316.00	\$ 377,876.07	\$ 287,416.89	\$ 376,989.42	\$ 533,135.60	\$ 423,407.90

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

Source: District records

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021**

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

Source: District Records.

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SINGLE AUDIT SECTION

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Franklin Township School District (the "School District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 13, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

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

Medford, New Jersey
February 13, 2022

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Franklin Township School District’s (the “School District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal and state programs for the fiscal year ended June 30, 2021. The School District’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

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

Medford, New Jersey
February 13, 2022

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TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	ASSISTANT LISTINGS NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	(ACCOUNTS RECEIVABLE)	BALANCE, JUNE 30, 2021 DUE TO GRANTOR	UNEARNED REVENUE
U.S. DEPARTMENT OF AGRICULTURE Farm Income Stabilization Program (Noncash Assistance) Child Nutrition Program (Noncash Assistance) COVID-19 School Breakfast Program COVID-19 School Breakfast Program	10.553 10.553	211N1304N1099 201N1304N1099	100-0110-3350-028 100-0110-3350-100	226,563 8,840	7/1/20-6/30/21 3/13/20-6/30/20	(4,684) (4,684)	204,713 309,397	(226,563) (226,563)	-	-	\$ - -	\$ - (21,850)	\$ - -
COVID-19 National School Lunch Program COVID-19 National School Lunch Program COVID-19 Healthy Hunger-Free Kids Act COVID-19 Healthy Hunger-Free Kids Act Food Distribution Program (Noncash Assistance) Food Distribution Program (Noncash Assistance)	10.555 10.555 10.555 10.555 10.555 10.555	211N1304N1099 201N1304N1099 211N1304N1099 201N1304N1099 201N1304N1099 191N1304N1099	100-0110-3350-026 100-0110-3350-098 100-0110-3350-026 100-0110-3350-098 Unavailable Unavailable	364,503 29,503 7,269 6,543 146 42,427 48,462	7/1/20-6/30/21 3/13/20-6/30/20 7/1/20-6/30/21 3/13/20-6/30/20 7/1/20-6/30/20 7/1/20-6/30/20 7/1/20-6/30/21	(7,260) (7,260) (7,269) (146) 21,755 48,462 (426,414)	279,831 7,260 6,543 146 (21,755) (32,887) (85,398)	(364,503) (364,503) (7,269) (146) (21,755) (32,887) (85,398)	-	-	-	(84,672) (726) -	-
Total Child Nutrition Cluster				9,665		9,665	551,639	(652,977)	-	-	-	(107,248)	15,575
Total Enterprise Fund				9,665		9,665	551,639	(652,977)	-	-	-	(107,248)	15,575
U.S. DEPARTMENT OF TREASURY PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:													
Special Revenue Fund: COVID-19 Covid Relief Funds	21.019	SLT0007	100-034-5120-517	87,199	3/13/20-9/30/22	-	87,199	(86,996)	-	-	-	-	203
Total Special Revenue Fund				87,199		-	87,199	(86,996)	-	-	-	-	203
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:													
General Fund: Medical Assistance Program	93.778	2005N13MAP	100-054-7540-211	7,571	7/1/20-6/30/21	-	7,571	(7,571)	-	-	-	-	-
Total General Fund				7,571		-	7,571	(7,571)	-	-	-	-	-
Special Revenue Fund: ES&A Consolidated Formula Grant: Title I - Part A	84.010 84.010	S010A2100030 S010A190030	100-034-5064-194 100-034-5064-194	233,845 241,127	7/1/20-9/30/21 7/1/19-9/30/20	-	40,741 55,538	(219,719) (219,719)	-	-	(178,978) (178,978)	-	-
Title I - Part A				233,845		-	40,741	(219,719)	-	-	(178,978)	-	-
Title II - Part A	84.367	S367A200029 S367A190029	100-034-5063-290 100-034-5063-290	25,515 33,508	7/1/20-9/30/21 7/1/19-9/30/20	-	3,671 5,840	(15,958) (15,958)	-	-	(12,287) (12,287)	-	-
Title II - Part A				25,515		-	3,671	(15,958)	-	-	(12,287)	-	-
Title III	84.365A 84.365A 84.365A	S365A170030 S365A180030 S365A190030 S365A200030	Unavailable Unavailable Unavailable Unavailable	1,752 3,408 2,084 2,499	7/1/17-6/30/18 7/1/18-6/30/19 7/1/19-9/30/20 7/1/20-9/30/21	-	- 1,017 483	- - (2,864)	1,752 3,408 -	-	(245) (2,381)	-	-
Title III				1,752		-	-	-	1,752	-	-	-	-
Title IV	84.424 84.424	S424A200031 S424A190031	100-034-5063-348 100-034-5063-348	17,050 2,378	7/1/20-9/30/21 7/1/19-9/30/20	-	- 2,826	(14,548) (14,548)	-	-	(14,548) (14,548)	-	-
Title IV				17,050		-	-	(14,548)	-	-	(14,548)	-	-
CARES Cluster: COVID-19 Cares Emergency Relief Grant	84.425D	S425D200027	Unavailable	182,431	3/13/20-9/30/22	(14,676)	153,062	(138,497)	-	-	(111)	-	-
COVID-19 Cares Emergency Relief Grant				182,431		(14,676)	153,062	(138,497)	-	-	(111)	-	-
COVID-19 Cares Emergency Relief Grant - ESSER II	84.425D	S425D200027	Unavailable	760,753	3/13/20-9/30/23	-	-	(18,780)	-	-	(18,780)	-	-
COVID-19 Cares Emergency Relief Grant - ESSER II				760,753		-	-	(18,780)	-	-	(18,780)	-	-
Total CARES Cluster				1,024,634		(14,676)	153,062	(157,277)	-	-	(18,891)	-	-
I.D.E.A. Part B, Base Regular I.D.E.A. Part B, Base Regular	84.027 84.027	H027A200100 H027A190100	100-034-5065-016 100-034-5065-016	396,779 365,762	7/1/20-9/30/21 7/1/19-9/30/20	-	98,300 74,963	(375,148) (375,148)	-	-	(276,868) (276,868)	-	-
I.D.E.A. Preschool I.D.E.A. Preschool	84.173 84.173	H173A200114 H173A190114	100-034-5062-084 100-034-5062-084	25,614 21,628	7/1/20-9/30/21 7/1/19-9/30/20	-	17,590 17,590	(5,523) (5,523)	-	-	(5,523) (5,523)	-	-
I.D.E.A. Preschool				25,614		-	17,590	(5,523)	-	-	(5,523)	-	-
I.D.E.A. Preschool				21,628		-	17,590	(5,523)	-	-	(5,523)	-	-
Total Special Education Cluster				472,016		-	35,180	(11,046)	-	-	(32,391)	-	-
Total Special Revenue Fund				1,546,649		(177,853)	454,031	(791,057)	-	5,160	(509,719)	-	-
Total Federal Financial Assistance				\$ 1,683,188		\$ 1,100,440	\$ (1,538,601)	\$ 5,160	\$ -	\$ 5,160	\$ (616,907)	\$ -	\$ 15,778

TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2021

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2021		MEMO CUMULATIVE TOTAL EXPENDITURES
								ACCOUNTS RECEIVABLE	DUE TO GRANTOR	
State Department of Education:										
General Fund:										
State Aid Public:										
Equalization Aid	495-034-5120-078	\$ 7,687,826	7/1/20-6/30/21	\$ -	\$ 7,687,826	(\$ 7,687,826)	\$ -	\$ -	\$ -	\$ 7,687,826
Special Education Categorical Aid	495-034-5120-089	737,647	7/1/20-6/30/21	-	737,647	(737,647)	-	-	-	737,647
Security Aid	495-034-5120-084	177,000	7/1/20-6/30/21	-	177,000	(177,000)	-	-	-	177,000
Total State Aid Public				-	8,602,473	(8,602,473)	-	-	-	8,602,473
Transportation Aid	495-034-5120-014	836,192	7/1/20-6/30/21	-	836,192	(836,192)	-	-	-	836,192
Additional Nonpublic Transportation Aid	495-034-5120-014	15,950	7/1/19-6/30/20	(15,950)	15,950	-	-	-	-	-
Additional Nonpublic Transportation Aid	495-034-5120-014	28,710	7/1/20-6/30/21	-	-	(28,710)	-	(28,710)	-	28,710
Subtotal				(15,950)	852,142	(864,902)	-	(28,710)	-	864,902
Extraordinary Aid	495-034-5120-044	82,129	7/1/19-6/30/20	(82,129)	82,129	-	-	-	-	-
Extraordinary Aid	495-034-5120-044	67,531	7/1/20-6/30/21	-	-	(67,531)	-	(67,531)	-	67,531
Reimbursed TPAF Social Security	495-034-5094-003	634,566	7/1/19-6/30/20	(30,830)	30,830	-	-	-	-	-
Reimbursed TPAF Social Security	495-034-5094-003	638,123	7/1/20-6/30/21	-	606,312	(638,123)	-	(31,811)	-	638,123
Homeless Tuition	495-034-5120-005	19,159	7/1/19-6/30/20	(19,159)	19,159	-	-	-	-	-
Homeless Tuition	495-034-5120-005	3,913	7/1/20-6/30/21	-	-	(3,913)	-	(3,913)	-	3,913
Noncash Assistance:										
TPAF - Post Retirement Medical	495-034-5094-001	731,479	7/1/20-6/30/21	-	731,479	(731,479)	-	-	-	731,479
TPAF - Pension Contributions	495-034-5094-002	2,334,126	7/1/20-6/30/21	-	2,334,126	(2,334,126)	-	-	-	2,334,126
TPAF - Long-Term Disability Insurance	495-034-5094-004	2,009	7/1/20-6/30/21	-	2,009	(2,009)	-	-	-	2,009
Total General Fund Assistance				(148,068)	13,260,659	(13,244,556)	-	(131,965)	-	933,903
State Department of Agriculture:										
Enterprise Fund:										
National School Lunch Program	100-010-3360-067	5,499	7/1/19-6/30/20	(1,454)	1,454	-	-	-	-	-
National School Lunch Program	100-010-3360-067	17,635	7/1/20-6/30/21	-	14,990	(17,635)	-	(2,645)	-	17,635
Total Enterprise Fund Assistance				(1,454)	16,444	(17,635)	-	(2,645)	-	17,635
Grand Total State Financial Assistance				\$ (149,522)	\$ 13,277,103	\$ (13,262,191)	\$ -	\$ (134,610)	\$ -	\$ 933,903
State Financial Assistance Programs Not Subject to Calculation for Major Program Determination:										
TPAF - Post Retirement Medical (Noncash Assistance)		731,479	7/1/20-6/30/21			731,479				
TPAF - Pension Contributions (Noncash Assistance)		2,334,126	7/1/20-6/30/21			2,334,126				
TPAF - Long-Term Disability Insurance (Noncash Assistance)		2,009	7/1/20-6/30/21			2,009				
Total State Financial Assistance subject to Major Program Determination						\$ (10,194,577)				

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

Note 3. Relationship to Basic Financial Statements

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

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$13,034) for the general fund and (\$44,209) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 7,571	\$ 13,231,522	\$ 13,239,093
Special Revenue Fund	833,844	-	833,844
Food Service Fund	<u>652,977</u>	<u>17,635</u>	<u>670,612</u>
Total Awards & Financial Assistance	<u>\$ 1,494,392</u>	<u>\$ 13,249,157</u>	<u>\$ 14,743,549</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Township of Franklin School District had no loan balances outstanding at June 30, 2021.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes X no

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? X yes no

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

State Financial Assistance

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

State Aid Public Cluster:	State Aid Public:
495-034-5120-078	Equalization Aid
495-034-5120-084	Categorical Security Aid
495-034-5120-089	Categorical Special Education Aid

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**TOWNSHIP OF FRANKLIN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.