

**FRANKLIN TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2021**

**Responsibility of the Management of  
Franklin Township School District  
Hunterdon County, New Jersey**



**FRANKLIN TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2021**

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SCHOOL DISTRICT**

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## FRANKLIN TOWNSHIP SCHOOL

226 Quakertown Rd., P.O. Box 368

Quakertown, NJ 08868

P: 908.735.7929 F: 908.735.0368

[www.ftschoool.org](http://www.ftschoool.org) #PawPride

February 22, 2022

Honorable President and  
Members of the Board of Education  
Franklin Township School District  
Hunterdon County  
Quakertown, NJ 08868

Dear Board Members:

State law requires that school districts publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with 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 of the United States. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the Franklin Township School District for the fiscal year ended June 30, 2021.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

The Annual Comprehensive Financial Report is presented in four sections:

- ◆ **The Introduction Section:** Introduces the reader to the report and includes this transmittal letter, a list of principal officials, the district's organizational charts, certificate of excellence in financial reporting, and a map of the district.
- ◆ **The Financial Section:** Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.
- ◆ **The Statistical Section:** Contains selected financial and demographic information, generally presented on a multi-year basis.

- ◆ **The Single Audit:** Includes the auditor’s report on the internal control structure, compliance with applicable laws and regulations and findings and recommendations.

The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

**REPORTING ENTITY AND ITS SERVICES**

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

The District provides a full range of educational services appropriate to grade levels preschool through grade eighth. These include regular programs as well as programs for students with special educational needs. The District completed the 2020-2021 Fiscal Year with an enrollment of 262 students. The following details the changes in the average daily student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	309	9.39%
2011-2012	303	1.94%
2012-2013	294	2.97%
2013-2014	295	0.03%
2014-2015	297	0.67%
2015-2016	269	-9.43%
2016-2017	284	5.60%
2017-2018	285	0.30%
2018-2019	278	-2.46%
2019-2020	282	1.35%
2020-2021	250	-11.34%

**ECONOMIC CONDITION AND OUTLOOK**

Franklin Township has a solid reputation and vision for farmland preservation. The Township vision for farmland preservation includes securing the agricultural land base, bolstering the industry of agriculture, and preventing sprawl to maintain the small town, rural lifestyle that characterizes an agricultural community. Of the Township’s 14,831 acres of total land mass, 8,294 acres, or 56% is devoted to agricultural use and assessed under farmland assessment. The Township ranks sixth in the total number of acres of land devoted to active agriculture among the 26 municipalities in Hunterdon County. Over the past decades, approximately 2,314 acres of farmland in Franklin are subject to permanent farmland preservation deed restriction. Franklin has established Open Space and Farmland Preservation components in its Master Plan. As per the September 2012 Comprehensive Farmland Preservation Plan,

Franklin Township has identified and prioritized 19 farms/farmland tracts that currently meet the criteria for farmland preservation. The goal of the Township is to preserve approximately 200 acres a year of the targeted acreage over a ten-year period. The Township allows for a minimum of three acres, five acres, or seven acre lots according to the current zoning requirements. The Franklin Township Planning Board and Land Use Boards are currently holding public meetings to update their Master Plan. Franklin Township currently has one shopping Plaza that includes a Walmart, Shop-Rite, Cracker Barrel Restaurant/Old Country Store, Hampton Inn, and several other retail and food establishments.

### **MAJOR INITIATIVES**

During the 2020-2021 school year, the District achieved the following major goals:

1. The District achieved Sustainable New Jersey Silver Status for its Green Initiatives.
2. The District expanded its shared services agreement with the Union Township Board of Education to share a Superintendent, Business Administrator, Child Study Team, Groundskeeper, and Curriculum Coordinator.
3. The APR Theater was renovated to correct the water infiltration.
4. Windows and doors were replaced in the older section of the building.
5. The District offered in person instruction all year long to all students and was one of the first in the County to offer full day instruction during the pandemic

### **INTERNAL ACCOUNTING CONTROLS**

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

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

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

### **BUDGETARY CONTROLS**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2021.

### **ACCOUNTING SYSTEM AND REPORTS**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Notes to the Financial Statements.

### **FINANCIAL INFORMATION AT FISCAL YEAR-END**

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet responsibility for sound financial management.

### **DEBT ADMINISTRATION**

As a result of the successful passage of the bond referendum in December 2004, and a Bond Refunding in 2013, the District has \$2,350,000 of bonds outstanding. The final payment has a due date of February 15, 2025.

### **CASH MANAGEMENT**

The investment policy of the District is guided in large part by state statute as detailed in Notes to the 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 provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

### **RISK MANAGEMENT**

The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, workers compensation and fidelity bonds. The District has joined with other qualified New Jersey Districts to form the School Alliance Insurance Fund. This joint insurance fund has saved the District an annual premium and provides more control through the involvement in management of the fund.

### **INDEPENDENT AUDIT**

State statutes require an annual audit by independent Certified Public Accountants or Registered Municipal Accountants. BKC, CPAs, PC audited the District's financial statements for Fiscal Year 2021. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2021 are fairly represented in conformity with GAAP. In addition to meeting the requirements set forth in state statutes, the audit also

was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular Letter 15-08.

**ACKNOWLEDGMENTS**

We would like to express our appreciation to the members of the Franklin Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



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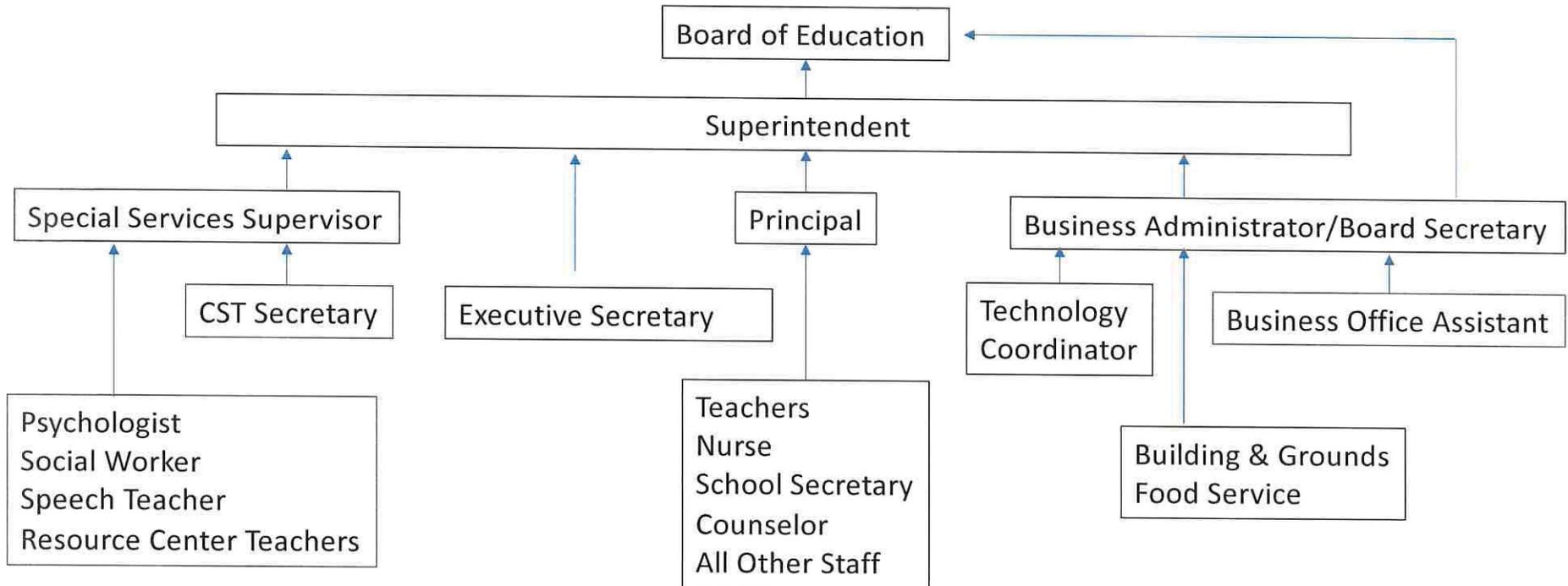
Nicholas Diaz  
Superintendent



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Lori Tirone  
Business Administrator/Board Secretary

## Franklin Township School District Organizational Chart



**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Quakertown, New Jersey**  
**Roster of Officials**  
**June 30, 2021**

<b>Members of the Board of Education</b>	<b>Title</b>	<b>Term Expires</b>
Cyrus Cama	President	2021
Karen Sutton	Vice-President	2023
Erin Tomasini		2021
James Witkowski		2021
Virginia Evans		2022
Allison Luciano		2022
Ronald Falcon		2023

<b>Other Officials</b>	<b>Title</b>
Nicholas Diaz	Superintendent
Patricia Martucci	Board Secretary/School Business Administrator
Raymond Krov	Treasurer

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Quakertown, New Jersey**  
**Consultants and Advisors**  
**June 30, 2021**

**AUDIT FIRM**

BKC, CPAs, PC  
39 State Route 12, Ste 2  
Flemington, NJ 08822

**ATTORNEY**

Isabel Machado  
Machado Law Group  
1 Cleveland Place  
Springfield, NJ 07081

**OFFICIAL DEPOSITORY**

Investors Bank  
Flemington, NJ 08822



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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## Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Franklin Township School District  
County of Hunterdon, 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 Franklin Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the 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.

### Auditors' Responsibility

Our responsibility is to express an opinion 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

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, 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.

### Change in Accounting Principle

The District adopted new accounting guidance as promulgated by GASB Statement No. 84, *Fiduciary Activities*. 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 Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits 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 an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, 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 Schedule of Expenditures of State Financial Assistance required by 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, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introduction and statistical sections have not been subject 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, on our consideration of the 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 solely 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 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 District's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA  
NO. 20CS00265600

February 22, 2022  
Flemington, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**QUAKERTOWN, NEW JERSEY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

The discussion and analysis of the Franklin Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in Governmental Accounting Standards Board's (GASB) Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis*, of comparative information between the current year and the prior year is required to be presented in the MD&A.

### **Financial Highlights**

#### **Key financial highlights for 2021 are as follows:**

- In total, net position increased \$1,104,022 which is a 11.86% increase from fiscal year 2020.
- General revenue accounted for \$9,871,821 in revenue or 96.92% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$313,856 or 3.08% of the total revenue of \$10,185,677.
- The School District had \$9,081,655 in expenses; only \$313,856 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily the tax levy) of \$9,871,821 were adequate to provide for these programs.
- Among governmental funds, the general fund had \$7,791,329 in revenues and \$7,428,660 in expenditures. After factoring in other financing sources and uses, the general fund's balance increased by \$357,669 from fiscal year 2020.

### **Using This Annual Comprehensive Financial Report (ACFR)**

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand Franklin Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities (changes in net position) provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The financial statements also look at the District's most significant funds

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**QUAKERTOWN, NEW JERSEY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

with all other non-major funds presented in total in one column. In the case of Franklin Township School District, the general fund is by far the most significant fund.

**Reporting the District as a Whole**

**Statement of Net Position and The Statement of Activities**

While this document contains the various funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund's financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the Special Revenue Fund.

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**QUAKERTOWN, NEW JERSEY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position on June 30, 2021 compared to June 30, 2020.

**Table 1**  
**Net Position**

	06/30/21	06/30/20	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 3,496,829	\$ 2,955,222	\$ 541,607	18.33%
Capital assets	11,289,361	11,398,314	(108,953)	-0.96%
Total assets	14,786,190	14,353,536	432,654	3.01%
Deferred outflow of resources	778,931	1,039,876	(260,945)	-25.09%
<b>Liabilities</b>				
Long-term liabilities	4,358,751	5,325,019	(966,268)	-18.15%
Other liabilities	269,055	139,966	129,089	92.23%
Total liabilities	4,627,806	5,464,985	(837,179)	-15.32%
Deferred inflow of resources	521,902	617,036	(95,134)	-15.42%
<b>Net position</b>				
Net investment in capital assets	8,202,183	7,545,380	656,803	8.70%
Restricted	2,761,128	2,468,971	292,157	11.83%
Unrestricted	(547,898)	(702,960)	155,062	22.06%
Total net position	\$ 10,415,413	\$ 9,311,391	\$ 1,104,022	11.86%

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

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Table 2 shows the changes in net position for the fiscal year ended June 30, 2021 compared to June 30, 2020.

	<b>Table 2</b>		<b>Changes in Net Position</b>	
	06/30/21	06/30/20	Variance	
			Dollars	Percent
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 95,116	\$ 114,268	\$ (19,152)	-16.76%
Operating grants and contributions	218,740	189,542	29,198	15.40%
General revenues				
Property taxes	6,621,825	6,505,233	116,592	1.79%
Grants and entitlements	3,196,463	2,380,757	815,706	34.26%
Other	53,533	102,930	(49,397)	-47.99%
<b>Total revenues</b>	<u>10,185,677</u>	<u>9,292,730</u>	<u>892,947</u>	<u>9.61%</u>
<b>Expenses</b>				
Instruction				
Regular	4,241,238	3,759,052	482,186	12.83%
Special	890,902	711,896	179,006	25.14%
Other	33,079	326,706	(293,627)	-89.87%
Support services				
Tuition	227,219	197,510	29,709	15.04%
Student & instructional related services	1,438,343	1,459,329	(20,986)	-1.44%
General & business administration	615,780	632,463	(16,683)	-2.64%
School administration	237,725	73,689	164,036	222.61%
Maintenance	846,365	815,295	31,070	3.81%
Transportation	381,349	303,148	78,201	25.80%
Food service	42,656	57,500	(14,844)	-25.82%
Interest on long-term debt	126,999	155,304	(28,305)	-18.23%
<b>Total expenses</b>	<u>9,081,655</u>	<u>8,491,892</u>	<u>589,763</u>	<u>6.95%</u>
<b>Increase (decrease) in net position before special position</b>	<u>1,104,022</u>	<u>800,838</u>	<u>303,184</u>	<u>37.86%</u>
<b>Special items</b>				
Gain on disposal of equipment	-	(19,818)	19,818	-100.00%
<b>Increase (decrease) in net position</b>	<u>\$ 1,104,022</u>	<u>\$ 781,020</u>	<u>\$ 323,002</u>	<u>41.36%</u>

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**Governmental Activities**

Property taxes made up 65.01% of operating revenues for governmental activities for the Franklin Township School District for the fiscal year 2021.

Instruction comprises 56.88% of the District's expenses. Support services expenses make up 43.12% of the District's expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 3 provides a summary of the School District's costs of governmental services on June 30, 2021 compared to June 30, 2020.

**Table 3  
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/21	06/30/20	06/30/21	06/30/20
Instruction	\$ 5,165,219	\$ 4,797,654	\$ 5,015,116	\$ 4,688,010
Support services				
Tuition	227,219	197,510	169,219	157,510
Student & instruction related services	1,438,343	1,459,329	1,382,862	1,377,860
General & business administration	615,780	632,463	615,780	632,463
School administration	237,725	73,689	237,725	73,689
Plant operations & maintenance	846,365	815,295	843,342	811,607
Pupil transportation	381,349	303,148	381,349	288,150
Food services	42,656	57,500	(4,593)	3,489
Interest on long-term debt	126,999	155,304	126,999	155,304
Total expenses	<u>\$ 9,081,655</u>	<u>\$ 8,491,892</u>	<u>\$ 8,767,799</u>	<u>\$ 8,188,082</u>

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

Students and instruction related services include the activities involved with assisting staff with the content and process of teaching to students.

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

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

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

**General Fund Budgeting Highlights**

At the Franklin Township School District, budgets are prepared in December/January with state revenue information being received in February/March and a public vote, if necessary, on the tax levy question in November. The budget year begins in July and runs through June 30. Changes occur over that 18-month period, unanticipated shifts in enrollment, staffing needs, students requiring out-of-district services, weather requiring more or less funding for heating, unexpected repairs to facilities, and mandated programs are often added after a budget is adopted.

The District builds a budget to meet the needs of its students based on the information and projections that are available at the time.

During the course of the 2021 fiscal year, the District amended its general fund budget by transferring funds as needed to prevent over-expenditures in specific line item accounts. The most significant need for changes was custodial services and care and upkeep of grounds.

**Capital Assets**

At the end of the fiscal year 2021, the School District had \$11,289,361 invested in land, buildings, leased building improvements, furniture and equipment and construction in progress. Table 4 provides a summary of School District's capital assets net of depreciation for June 30, 2021 compared to June 30, 2020.

**Table 4  
Capital Assets at Year End (Net of Depreciation)**

	06/30/21	06/30/20	Variance	
			Dollars	Percent
Land	\$ 285,100	\$ 285,100	\$ -	0.00%
Construction in progress	449,162	50,178	398,984	795.14%
Land improvements	99,343	89,587	9,756	10.89%
Buildings & improvements	9,708,370	9,992,487	(284,117)	-2.84%
Leased building improvements	540,000	780,000	(240,000)	-30.77%
Furniture & equipment	204,258	191,577	12,681	6.62%
Vehicles	3,128	9,385	(6,257)	-66.67%
	<u>\$ 11,289,361</u>	<u>\$ 11,398,314</u>	<u>\$ (108,953)</u>	<u>-0.96%</u>

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**Long Term Liabilities**

As of June 30, 2021, the District had \$4,358,751 of long-term liabilities. Table 5 shows June 30, 2021 balances compared to June 30, 2020.

**Table 5  
Outstanding Debt at Year End**

	06/30/21	06/30/20	Variance	
			Dollars	Percent
2013 refunding bond issue	\$ 2,350,000	\$ 2,885,000	\$ (535,000)	-18.54%
Bond premium	168,834	206,352	(37,518)	-18.18%
Capital leases	737,178	967,934	(230,756)	-23.84%
Compensated absences	29,577	36,197	(6,620)	-18.29%
PERS net pension liability	1,073,162	1,229,536	(156,374)	-12.72%
	<u>\$ 4,358,751</u>	<u>\$ 5,325,019</u>	<u>\$ (966,268)</u>	<u>-18.15%</u>

**For the Future**

The Franklin Township School District is in sound financial condition. Continued emphasis will be placed upon efficient and effective management of resources by leveraging indirect and direct savings towards student programs and initiatives. The district has entered into several shared services with the Union Township Board of Education. As of this school year, both districts are sharing:

- Superintendent
- Business Administrator
- Director of Special Education
- Supervisor of Curriculum
- Child Study Team

The following goals are based on the District’s strategic plan entitled “FTS Reimagined”:

- Increased professional development to support teacher’s hybrid instruction
- Purchase of additional Chromebooks/tablets to ensure a 1:1 initiative in grades 2-8.
- Creation of an interventionist position to support student learning
- Creation of a wellness room to support students’ and staff’s mental health

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
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**Contacting the School District's Financial Management**

The financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Lori Tirone, Business Administrator/Board Secretary at Franklin Township School District, 226 Quakertown Rd., P.O. Box 368, Quakertown, NJ 08868 or email at [pmartucci@ftschool.org](mailto:pmartucci@ftschool.org).

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 411,523	\$ 1,940	\$ 413,463
Receivables, net	300,144	5,788	305,932
Due from other funds, net	-	9,234	9,234
Inventory	-	3,779	3,779
<b>Restricted assets</b>			
Capital reserve account - cash	1,990,864	-	1,990,864
Maintenance reserve account - cash	407,807	-	407,807
Scholarships - cash	30,003	-	30,003
Student activities- cash	26,876	-	26,876
Unemployment claims - cash	308,871	-	308,871
<b>Capital assets, net</b>			
Land	285,100	-	285,100
Construction in progress	449,162	-	449,162
Other capital assets, net of depreciation and amortization	10,546,943	8,156	10,555,099
Total assets	<u>14,757,293</u>	<u>28,897</u>	<u>14,786,190</u>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	640,499	-	640,499
Deferred amount on refunding bond issue	138,432	-	138,432
Total deferred outflows of resources	<u>778,931</u>	<u>-</u>	<u>778,931</u>
<b>Liabilities</b>			
Accounts payable	83,829	3,009	86,838
Due to other funds, net	9,234	-	9,234
Accrued interest	55,735	-	55,735
Payroll deductions and withholdings payable	108,531	-	108,531
Unearned revenue	729	4,695	5,424
Unemployment compensation claims payable	3,293	-	3,293
<b>Long-term liabilities</b>			
Due within one year	830,603	-	830,603
Due beyond one year	3,528,148	-	3,528,148
Total liabilities	<u>4,620,102</u>	<u>7,704</u>	<u>4,627,806</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	521,902	-	521,902

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 8,194,027	\$ 8,156	\$ 8,202,183
Restricted for			
Capital reserve	1,990,864	-	1,990,864
Maintenance reserve	407,807	-	407,807
Scholarships	30,003	-	30,003
Student activities	26,876	-	26,876
Unemployment claims	305,578	-	305,578
Unrestricted	(560,935)	13,037	(547,898)
Total net position	\$ 10,394,220	\$ 21,193	\$ 10,415,413

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,243,990	\$ 1,997,248	\$ 87,155	\$ 41,855	\$ -	\$ (4,112,228)	\$ -	\$ (4,112,228)
Special education	445,228	421,557	-	-	-	(866,785)	-	(866,785)
Other special education	21,093	3,024	-	21,093	-	(3,024)	-	(3,024)
Other instruction	28,931	4,148	-	-	-	(33,079)	-	(33,079)
Support services								
Tuition	227,219	-	-	58,000	-	(169,219)	-	(169,219)
Students & instruction related services	1,096,486	341,857	7,512	47,969	-	(1,382,862)	-	(1,382,862)
General & business administration services	406,867	208,913	-	-	-	(615,780)	-	(615,780)
School administration services	141,040	96,685	-	-	-	(237,725)	-	(237,725)
Plant operations & maintenance	805,965	40,400	-	3,023	-	(843,342)	-	(843,342)
Pupil transportation	365,119	16,230	-	-	-	(381,349)	-	(381,349)
Interest on long-term debt	126,999	-	-	-	-	(126,999)	-	(126,999)
Total governmental activities	<u>5,908,937</u>	<u>3,130,062</u>	<u>94,667</u>	<u>171,940</u>	<u>-</u>	<u>(8,772,392)</u>	<u>-</u>	<u>(8,772,392)</u>
Business-type activities								
Food service	42,656	-	449	46,800	-	-	4,593	4,593
Total business-type activities	<u>42,656</u>	<u>-</u>	<u>449</u>	<u>46,800</u>	<u>-</u>	<u>-</u>	<u>4,593</u>	<u>4,593</u>
Total primary government	<u>\$ 5,951,593</u>	<u>\$ 3,130,062</u>	<u>\$ 95,116</u>	<u>\$ 218,740</u>	<u>\$ -</u>	<u>(8,772,392)</u>	<u>4,593</u>	<u>(8,767,799)</u>
			General revenues, special items and transfers					
			Property taxes levied for general purposes			5,976,775	-	5,976,775
			Property taxes levied for debt service			645,050	-	645,050
			Federal and state aid not restricted			3,196,463	-	3,196,463
			Investment earnings			1,438	2	1,440
			Miscellaneous income			52,093	-	52,093
			Transfers in (out)			(5,000)	5,000	-
			Total general revenues and special items			<u>9,866,819</u>	<u>5,002</u>	<u>9,871,821</u>
			Change in net position			1,094,427	9,595	1,104,022
			Net position - beginning (as restated)			9,299,793	11,598	9,311,391
			Net position - ending			<u>\$ 10,394,220</u>	<u>\$ 21,193</u>	<u>\$ 10,415,413</u>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2021**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 411,523	\$ -	\$ -	\$ -	\$ 411,523
Due from other funds	1,872	-	-	-	1,872
Receivables from other governments					
State	288,330	-	-	-	288,330
Other accounts receivable	9,213	2,601	-	-	11,814
Restricted cash and cash equivalents	2,707,542	56,879	-	-	2,764,421
<b>Total assets</b>	<b>\$ 3,418,480</b>	<b>\$ 59,480</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,477,960</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 9,234	\$ 1,872	\$ -	\$ -	\$ 11,106
Accounts payable	83,829	-	-	-	83,829
Payroll deductions and withholdings payable	108,531	-	-	-	108,531
Unearned revenue	-	729	-	-	729
Unemployment compensation claims payable	3,293	-	-	-	3,293
<b>Total liabilities</b>	<b>204,887</b>	<b>2,601</b>	<b>-</b>	<b>-</b>	<b>207,488</b>

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2021**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Capital reserve	\$ 1,990,864	\$ -	\$ -	\$ -	\$ 1,990,864
Maintenance reserve	407,807	-	-	-	407,807
Scholarships	-	30,003	-	-	30,003
Student activities	-	26,876	-	-	26,876
Unemployment claims	305,578	-	-	-	305,578
Committed fund balance					
Encumbrances	101,129	-	-	-	101,129
Assigned fund balance					
Designated for subsequent year's expenditures	17,104	-	-	-	17,104
Unassigned fund balance	391,111	-	-	-	391,111
Total fund balances	<u>3,213,593</u>	<u>56,879</u>	<u>-</u>	<u>-</u>	<u>3,270,472</u>
Total liabilities and fund balances	<u>\$ 3,418,480</u>	<u>\$ 59,480</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$17,584,333 and the accumulated depreciation is \$6,303,128.	11,281,205
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	257,029
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(4,358,751)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(55,735)</u>
Total net position of governmental activities	<u>\$ 10,394,220</u>

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2021**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 5,976,775	\$ -	\$ -	\$ 645,050	\$ 6,621,825
Tuition from individuals	16,225	-	-	-	16,225
Tuition from other LEAs	70,930	-	-	-	70,930
Interest on investments	1,435	3	-	-	1,438
Miscellaneous	52,093	42,214	-	-	94,307
Total local sources	<u>6,117,458</u>	<u>42,217</u>	<u>-</u>	<u>645,050</u>	<u>6,804,725</u>
State sources	1,673,871	-	-	-	1,673,871
Federal sources	-	137,238	-	-	137,238
Total revenues	<u>7,791,329</u>	<u>179,455</u>	<u>-</u>	<u>645,050</u>	<u>8,615,834</u>
<b>Expenditures</b>					
Current					
Instructional					
Regular instruction	2,224,265	19,725	-	-	2,243,990
Special education instruction	445,228	-	-	-	445,228
Other special instruction	-	21,093	-	-	21,093
Other instruction	28,931	-	-	-	28,931
Support service & undistributed costs					
Tuition	169,219	58,000	-	-	227,219
Student & instruction related services	1,072,389	24,097	-	-	1,096,486
General & business administrative services	406,867	-	-	-	406,867
School administrative services	141,040	-	-	-	141,040
Plant operations & maintenance	802,942	3,023	-	-	805,965
Pupil transportation	365,119	-	-	-	365,119
Unallocated benefits	997,636	-	-	-	997,636

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 738,888	\$ 22,130	\$ -	\$ -	\$ 761,018
Debt service					
Principal	-	-	-	535,000	535,000
Interest & other charges	36,136	-	-	110,050	146,186
Total expenditures	<u>7,428,660</u>	<u>148,068</u>	<u>-</u>	<u>645,050</u>	<u>8,221,778</u>
Excess (deficiency) of revenues over (under) expenditures	362,669	31,387	-	-	394,056
Other financing sources (uses)					
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balance	357,669	31,387	-	-	389,056
Fund balances, July 1 (as restated)	<u>2,855,924</u>	<u>25,492</u>	<u>-</u>	<u>-</u>	<u>2,881,416</u>
Fund balances, June 30	<u><u>\$ 3,213,593</u></u>	<u><u>\$ 56,879</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,270,472</u></u>

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

Total net changes in fund balances - governmental fund (from B-2)	\$	389,056
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 expenses. This is the amount by which capital outlays exceeds depreciation in the period:		
Capital outlays	\$ 761,018	
Depreciation and amortization expense	<u>(637,780)</u>	123,238
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:		
Debt principal payments		535,000
Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:		
Amortization of bond premium		37,518
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
		21,326
In the Statement of Activities, interest on the deferred outflow from a refunding issue is amortized to interest expense over the remaining life of the old or new debt, whichever is shorter.		
		(30,763)

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities (continued)**  
**For the Fiscal Year Ended June 30, 2021**

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reconciling item. \$ 12,432

In the Statement of Activities, compensated absences and early retirement benefits 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 6,620

Change in net position of governmental activities \$ 1,094,427

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2021**

	Food Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 1,940
Receivables from other governments	
State	256
Federal	5,532
Due from other funds	9,234
Inventory	3,779
Total current assets	20,741
Noncurrent assets	
Capital assets	18,077
Less: accumulated depreciation	9,921
Total noncurrent assets	8,156
Total assets	28,897
Liabilities	
Current liabilities	
Unearned revenues - commodities	1,367
Unearned revenues - prepaid sales	3,328
Accounts payable	3,009
Total liabilities	7,704
Net position	
Net investment in capital assets	8,156
Unrestricted	13,037
Total net position	\$ 21,193

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2021**

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 417
Daily sales - non-reimbursable programs	32
Total operating revenues	449
Operating expenses	
Cost of sales - reimbursable programs	15,815
Commodity food costs	3,763
Covid related costs	2,691
Salaries	6,610
Support services - employee benefits	924
Purchased professional/technical services	1,520
Other purchased services	
Insurance	1,308
Management fee	7,487
Supplies and materials (not included in cost of sales)	30
Depreciation	1,435
Miscellaneous	1,073
Total operating expenses	42,656
Operating income (loss)	(42,207)
Non-operating revenues (expenses)	
State sources	
State school lunch program	1,604
Federal sources	
National school lunch program	
Cash assistance	29,095
Non cash assistance (commodities)	3,763
National school breakfast program	12,338
Interest earned on investments	2
Total non-operating revenues (expenses)	46,802
Other financing sources	
Operating transfer in	5,000
Change in net position	9,595
Net position, beginning	11,598
Net position, ending	\$ 21,193

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 324
Payments to Food Service Management Company	(37,627)
Payments to vendors and employees (net)	(145)
Net cash provided by (used for) operating activities	<u>(37,448)</u>
Cash flows from non-capital financing activities	
State sources	1,357
Federal sources	36,567
Miscellaneous	-
Operating transfer in (out)	5,000
Net interfund transactions	(9,234)
Net cash provided by (used for) non-capital financing activities	<u>33,690</u>
Cash flows from investing activities	
Interest earned on investments	<u>2</u>
Net increase (decrease) in cash and cash equivalents	(3,756)
Cash and cash equivalents, beginning	<u>5,696</u>
Cash and cash equivalents, ending	<u><u>\$ 1,940</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (42,207)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,435
Federal food donation program	3,763
(Increase) decrease in accounts payable	1,779
(Increase) decrease in inventory	(2,233)
Increase (decrease) in unearned revenue	15
Net cash provided by (used for) operating activities	<u><u>\$ (37,448)</u></u>

See accompanying notes to financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

The financial statements of the Franklin Township School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, 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. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2021 of 262 students.

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

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

During the year ended June 30, 2021, the District implemented the provisions detailed in GASB Statement No. 84, *Fiduciary Activities*. Based on a review of the financial records, the District has no funds that meet the criteria of a fiduciary fund.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)  
C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

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.

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

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed 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.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

*Special Revenue Fund* - The District accounts for the proceeds of specific revenue sources 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 in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities. Amounts maintained for private purpose scholarship accounts are utilized for scholarship awards to qualifying students.

*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). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

*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.

Additionally, the District reports the following fund types:

Proprietary fund types

*Proprietary Fund* - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)  
C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Proprietary fund types (continued)

*Enterprise Fund* - The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
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Fiduciary Fund Types

As stated in Note 1 (B), the district does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No 84, *Fiduciary Activities*.

D. 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 and, if necessary, are voted upon at the annual school election in November. 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. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. 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 reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues 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.

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal year 2020-2021 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

Short-term interfund receivables and payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements & portable classroom	50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by GASB No. 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.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the 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 credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted general fund balance Policy described below as unassigned:

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of 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 assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/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. Currently, the District has two items that qualify for reporting in this category, deferred amount on pension activity and deferred amount on refunding bond issue. 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et. seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2021, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 3 - Deposits, cash equivalents, and investments (continued)

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2021, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	3,258,178
Total bank balances	\$ 3,508,178

Deposits at June 30, 2021 appear in the financial statements as summarized below:

Cash		\$ 3,177,884
<u>Ref.</u>		
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 411,523
Enterprise funds, Statement of Net Position	B-4	1,940
Restricted cash		
Governmental funds, Balance Sheet	B-1	2,764,421
Total cash		\$ 3,177,884

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets  
Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 285,100	\$ -	\$ -	\$ 285,100
Construction in progress	50,178	398,984	-	449,162
Total	<u>335,278</u>	<u>398,984</u>	<u>-</u>	<u>734,262</u>
Capital assets, being depreciated				
Land improvements	241,049	19,000	-	260,049
Building & improvements	14,740,920	76,237	-	14,817,157
Leased building improvements (intangible asset)	1,200,000	-	-	1,200,000
Furniture & equipment	486,769	36,042	-	522,811
Vehicles	50,054	-	-	50,054
Total	<u>16,718,792</u>	<u>131,279</u>	<u>-</u>	<u>16,850,071</u>
Accumulated depreciation and accumulated amortization				
Land improvements	151,462	9,244	-	160,706
Building & improvements	4,748,433	360,354	-	5,108,787
Leased building improvements	420,000	240,000	-	660,000
Furniture & equipment	304,783	21,926	-	326,709
Vehicles	40,669	6,257	-	46,926
Total	<u>5,665,347</u>	<u>637,781</u>	<u>-</u>	<u>6,303,128</u>
Total capital assets, being depreciated, net	<u>11,053,445</u>	<u>(506,502)</u>	<u>-</u>	<u>10,546,943</u>
Governmental activities capital assets, net	<u>\$ 11,388,723</u>	<u>\$ (107,518)</u>	<u>-</u>	<u>\$ 11,281,205</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 18,077	\$ -	\$ -	\$ 18,077
Less: accumulated depreciation	8,486	1,435	-	9,921
Business type activities capital assets, net	<u>\$ 9,591</u>	<u>\$ (1,435)</u>	<u>-</u>	<u>\$ 8,156</u>

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets (continued)  
 Depreciation and amortization expense were charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	321,279
Special education		63,745
Other special education		3,020
Other instruction		4,991
Support services		
Student & instruction		156,987
General & business administration		58,252
School administration		20,192
Plant maintenance		3,058
Transportation		6,257
Total depreciation and amortization expense, governmental activities	\$	637,781

Note 5 - Long-term debt  
 Long-term liability activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 2,885,000	\$ -	\$ 535,000	\$ 2,350,000	\$ 555,000
Bond premium	206,352	-	37,518	168,834	37,518
Capital leases payable	967,934	-	230,756	737,178	238,085
Compensated absences payable	36,197	-	6,620	29,577	-
PERS net pension liability	1,229,536	-	156,374	1,073,162	-
Total governmental activities long-term liabilities	\$ 5,325,019	\$ -	\$ 959,648	\$ 4,358,751	\$ 830,603

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2021, including interest payments are listed as follows:

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 555,000	\$ 94,000	\$ 649,000
2023	575,000	71,800	646,800
2024	600,000	48,840	648,840
2025	620,000	24,800	644,800
Total	<u>\$ 2,350,000</u>	<u>\$ 239,440</u>	<u>\$ 2,589,440</u>

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2021, with their outstanding balances are comprised of the following individual issues:

\$5,380,000 - 2013 general obligation school building bonds, interest at 2.00% to 4.00% due in annual installments beginning Feb. 15, 2015 through Feb. 15, 2025.

\$ 2,350,000

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2019 is \$16,714,960. General obligation debt at June 30, 2021 is \$2,350,000, resulting in a legal debt margin of \$14,364,960.

Capital lease payable

Commencing November 7, 2018, the District entered into a \$1,200,000 capital lease financing contract with TD Equipment Finance, Inc. for capital projects involving all-purpose room and theater water infiltration repairs, roof replacement, security updates, masonry repairs and improvements. The financing is due in five annual installments of \$262,306, including interest at 3.175%, beginning August 15, 2019 through August 15, 2023.

The annual requirements for the capital lease payable as of June 30, 2021, including interest payments are listed as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 238,085	\$ 23,411	\$ 261,496
2023	245,646	15,850	261,496
2024	253,447	8,049	261,496
Total	<u>\$ 737,178</u>	<u>\$ 47,310</u>	<u>\$ 784,488</u>

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following defined benefit public employee retirement systems which have been established by State statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers.

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](http://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 10 years of service.

The following represents the membership tiers for PERS:

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2020 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A 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 state 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, PL 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.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 -

Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Contributions (continued)

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.

The District's contractually required contribution rate for the year ended June 30, 2021 was 15.33% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2020:

Net pension liability	\$ 1,073,162
Proportionate share	0.0065808336%
Plan fiduciary net position as a percentage of the total pension liability	58.32%

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:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	2.00 - 6.00%
Thereafter	3.00 - 7.00%
Investment rate of return	7.00%

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 -

Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information (continued)

Preretirement mortality rates were based on the Pub-10 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 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, 2014 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 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and 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 PERS's target asset allocation as of June 30, 2020 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
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%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 based on 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (7.00%)	\$ 1,073,162
At a 1% lower rate (6.00%)	1,361,555
At a 1% higher rate (8.00%)	844,052

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2020 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,541	\$ 3,795
Changes of assumptions	34,815	449,343
Net difference between projected and actual earnings on pension plan investments	36,682	-
Changes in proportion and differences between District contributions and proportionate share of contributions	477,470	68,764
District contributions subsequent to the measurement date	71,991	-
Total	\$ 640,499	\$ 521,902

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2021, the plan measurement date is June 30, 2020) of \$71,991 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2020 measurement date:

	<u>Beginning Balance</u>	<u>Net change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 22,069	\$ (2,528)	\$ 19,541
Changes of assumptions	122,774	(87,959)	34,815
Differences between expected and actual experience	-	36,682	36,682
Deferred Inflows of Resources			
Differences between expected and actual experience	(5,432)	1,637	(3,795)
Changes of assumptions	(426,768)	(22,575)	(449,343)
Differences between projected and actual investment earnings on pension plan investments	(19,409)	19,409	-
Net of deferred outflows	<u>\$ (306,766)</u>	<u>\$ (55,334)</u>	<u>\$ (362,100)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Fiscal Year Ended June 30,

2021	\$ (134,662)
2022	(122,770)
2023	(70,160)
2024	(28,372)
2025	(6,136)
Total	<u>\$ (362,100)</u>

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense

For the fiscal year ended June 30, 2021, the District recognized net pension expense of \$50,665 which represents the District's proportionate share of allocable plan pension expense of \$25,642, plus the net amortization of deferred amounts from changes in proportion of \$30,639, and less other adjustments to the net pension liability of \$5,616. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$	50,696
Interest on total pension liability		165,184
Benefit changes		(1,132)
Member contributions		(36,035)
Administrative expense		862
Expected investment return net of investment expense		(97,241)
Pension expense related to specific liabilities of individual employers		(451)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		11,646
Changes of assumptions		(85,789)
Difference between projected and actual investment earnings on pension plan investments		17,902
Pension expense	<u>\$</u>	<u>25,642</u>

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a 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 annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.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. 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.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher's pension and annuity fund (TPAF) (continued)  
Plan description (continued)

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members 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 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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 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 the State fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 -

Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Special funding situation

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, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do 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. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

During the State fiscal year ended June 30, 2020, the State of New Jersey contributed \$484,848 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2020 measurement date is as follows:

District proportionate share of net pension liability	\$ 18,685,623
Less: State proportionate share of net pension liability	4,596,365
Net pension liability	\$ 14,089,258
Plan fiduciary net position as a percentage of the total pension liability	24.60%

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher’s pension and annuity fund (TPAF) (continued)

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:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	1.55 - 4.45%
Thereafter	2.75 – 5.65%
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.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 -

Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and 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 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
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%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the 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 municipal 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 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.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (5.40%)	\$ 14,089,258
At a 1% lower rate (4.40%)	16,549,484
At a 1% higher rate (6.40%)	12,046,454

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the District for the year ended June 30, 2020 measurement date are as follows:

Service cost	\$ 350,964
Interest on total pension liability	999,356
Benefit changes	(3,574)
Member contributions	(185,108)
Administrative expense	2,885
Expected investment return net of investment expense	(325,658)
Pension expense related to specific liabilities of individual employers	1,014
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	37,821
Changes of assumptions	(84,285)
Difference between projected and actual investment earnings on pension plan investments	82,715
Pension expense	<u>\$ 876,130</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, 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 maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2021) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrrp](http://www.prudential.com/njdcrrp).

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's net contribution to the DCRP for fiscal year ending 2021 was \$1,519.

D. Other pension plan information

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$199,655 to the TPAF for postretirement medical benefits, \$11,895 for non-contributory insurance premiums, \$449 for long-term disability insurance, and \$625,199 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$160,438 during the fiscal year ended June 30, 2021 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement 68.

Note 7 - Postretirement benefits

The State of New Jersey provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have decreased from fiscal year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State including Medicare Advantage contracts. The State has appropriated \$1.775 billion in fiscal year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76 billion liability recorded in fiscal year 2019.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State ACFR at <https://www.nj.gov/treasury/omb/fr.shtml>.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2020 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 67,809,962,608
District's proportionate share of the State's OPEB liability	14,090,114
Employer OPEB expense and related revenue	646,462
 Allocable proportionate percentage	 0.0207788258%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2019	\$ 8,614,080
Service cost	329,822
Interest cost	308,910
Change of benefit terms	-
Differences between expected and actual experiences	2,501,384
Changes of assumptions	2,573,780
Member contributions	7,435
Gross benefit payments	(245,297)
Total OPEB liability at June 30, 2020	<u>\$ 14,090,114</u>

There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% as of the June 30, 2019 plan measurement date to 2.21% as of the June 30, 2020 plan measurement date.

The total non-employer 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:

Inflation rate		2.50%
	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	1.55% - 4.45%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

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. 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%.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

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 the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability as of June 30, 2020 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.21%)	\$ 14,090,114
At a 1% lower rate (1.21%)	16,986,360
At a 1% higher rate (3.21%)	11,825,529

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 14,090,114
At a 1% lower rate (1% decrease)	11,374,015
At a 1% higher rate (1% increase)	17,324,384

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$646,462 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 8 - Deferred compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit 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:

Siracusa Benefits Variable Annuity Life Insurance Co. AXA Equitable	Lincoln Investment Planning AIG/Valic
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Note 9 - Interfund receivable and payables

	Receivable	Payable
General fund	\$ 1,872	\$ 9,234
Special revenue fund	-	1,872
Cafeteria fund	9,234	-
	\$ 11,106	\$ 11,106

As of June 30, 2021, the general fund has an interfund receivable for \$1,872 due from the special revenue fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues. The general fund has an interfund payable for \$9,234 to the cafeteria fund that represents the subsidy aid that was received in the general fund but not disbursed to the food service fund.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2021 consisted of the following:

Food	\$ 2,438
Supplies	1,341
Total	\$ 3,779

Note 11 - Contingent liabilities

Amounts received, or receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 12 - Risk management

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

*Property and Liability Insurance* - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Annual Comprehensive Financial Report.

*New Jersey Unemployment Compensation Insurance* - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ unemployment trust fund for benefits paid to its former employees and charged to its account with the state. The District is billed quarterly for amounts due to the state. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance available for claims of the District's unemployment compensation insurance fund:

<u>Fiscal Year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance Available For Claims</u>
2020 - 2021	\$ 50,000	\$ 66	\$ 5,132	\$ 1,839	\$ 308,871
2019 - 2020	50,000	1,568	4,877	-	255,512
2018 - 2019	100,000	1,251	5,132	5,766	199,067

Note 13 - Reserve accounts

A capital reserve account was established by the District 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 The Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 13 - Reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the reserves by Board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$513,050 to their capital reserve, and \$50,000 to their maintenance reserve by Board resolution in June 2021 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 1,780,160	\$ 513,050	\$ 654	\$ -	\$ 303,000	\$ 1,990,864
Maintenance	407,807	50,000	-	-	50,000	407,807
Total	<u>\$ 2,187,967</u>	<u>\$ 563,050</u>	<u>\$ 654</u>	<u>\$ -</u>	<u>\$ 353,000</u>	<u>\$ 2,398,671</u>

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2021 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 1,990,864
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	407,807
Unemployment compensation - Represents funds accumulated for future unemployment claims.	305,578

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	101,129
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Assigned

Designated surplus - Designated for Subsequent Year's Expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	17,104
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	<u>415,585</u>
Total fund balance - Budgetary basis (Exhibit C-1)	3,238,067
Last state aid payments not recognized on GAAP basis	<u>(24,474)</u>
Total fund balance - GAAP basis (B-1)	<u>\$ 3,213,593</u>

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general 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 is \$0.

Note 16 - Restatement of prior year net position

During the fiscal year ended June 30, 2021, the District restated net position for governmental activities as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	Governmental Activities
Net position, June 30, 2020	\$ 9,018,789
Additions	
Reserved fund balance - student activity fund	25,492
Reserved fund balance - unemployment fund	255,512
Net position, June 30, 2020, as restated	\$ 9,299,793

Note 17 - Restatement of prior year fund balance

During the fiscal year ended June 30, 2021, the District restated fund balance for the general fund and special revenue fund as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	General Fund	Special Revenue Fund
Fund balance June 30, 2020	\$ 2,600,412	\$ -
Additions		
Reserved fund balance - student activity fund	-	25,492
Reserved fund balance - unemployment fund	255,512	-
Fund balance, June 30, 2020 as restated	\$ 2,855,924	\$ 25,492

Note 18 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

- Note 19 - Deficit balance in unrestricted net position  
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2021 of (\$560,935) on Schedule A-1, Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.
- Note 20 - Risks and uncertainties  
On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The "COVID-19 outbreak") and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.
- The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.
- Note 21 - Subsequent events  
The District has evaluated subsequent events through February 22, 2022, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 5,976,775	\$ -	\$ 5,976,775	\$ 5,976,775	\$ -
Tuition from individuals	60,000	-	60,000	16,225	(43,775)
Tuition from other LEAs within the state	-	-	-	70,930	70,930
Transportation fees from other LEAs	15,000	-	15,000	-	(15,000)
Rents and royalties	2,500	-	2,500	-	(2,500)
Unrestricted miscellaneous revenues	42,000	-	42,000	52,808	10,808
Interest earned on maintenance reserve	1,500	-	1,500	-	(1,500)
Interest earned on capital reserve funds	7,500	-	7,500	654	(6,846)
Other restricted miscellaneous revenues	-	-	-	66	66
<b>Total</b>	<b>6,105,275</b>	<b>-</b>	<b>6,105,275</b>	<b>6,117,458</b>	<b>12,183</b>
<b>State sources</b>					
School choice aid	78,793	-	78,793	78,793	-
Categorical transportation aid	49,027	-	49,027	49,027	-
Extraordinary aid	128,173	-	128,173	302,748	174,575
Categorical special education aid	234,995	-	234,995	217,295	(17,700)
Categorical security aid	16,949	-	16,949	16,949	-
Adjustment Aid	2,057	-	2,057	2,057	-
Other state aid	2,000	-	2,000	2,320	320
TPAF Pension (on-behalf)	-	-	-	637,094	637,094
TPAF Social Security (reimbursed)	-	-	-	160,438	160,438
TPAF Postretirement benefits	-	-	-	199,655	199,655
TPAF Long-term disability insurance	-	-	-	449	449
<b>Total</b>	<b>511,994</b>	<b>-</b>	<b>511,994</b>	<b>1,666,825</b>	<b>1,154,831</b>
<b>Total revenues</b>	<b>\$ 6,617,269</b>	<b>\$ -</b>	<b>\$ 6,617,269</b>	<b>\$ 7,784,283</b>	<b>\$ 1,167,014</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction - regular program</b>					
<b>Salaries of teachers</b>					
Preschool	\$ 35,800	\$ (2,775)	\$ 33,025	\$ 31,973	\$ 1,052
Kindergarten	137,470	57,875	195,345	195,342	3
Grades 1-5	904,000	(65,875)	838,125	810,148	27,977
Grades 6-8	620,108	(8,000)	612,108	577,594	34,514
<b>Home instruction</b>					
Salaries of teacher	1,250	-	1,250	-	1,250
Purchased professional - educational services	1,250	-	1,250	-	1,250
<b>Regular programs - undistributed instruction</b>					
Other salaries for instruction	11,000	17,470	28,470	7,710	20,760
Purchased professional - educational services	33,600	-	33,600	32,649	951
Purchased technical services	69,982	-	69,982	64,155	5,827
Other purchased services	36,000	(10,000)	26,000	19,590	6,410
General supplies	141,486	(5,088)	136,398	98,150	38,248
Textbooks	40,000	(23,660)	16,340	5,345	10,995
<b>Total</b>	<b>2,031,946</b>	<b>(40,053)</b>	<b>1,991,893</b>	<b>1,842,656</b>	<b>149,237</b>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Multiple disabilities					
Salaries of teachers	\$ 64,550	\$ (600)	\$ 63,950	\$ 63,919	\$ 31
General supplies	1,500	600	2,100	1,813	287
Total	<u>66,050</u>	<u>-</u>	<u>66,050</u>	<u>65,732</u>	<u>318</u>
Resource room/resource center					
Salaries of teachers	235,124	12,102	247,226	247,226	-
General supplies	2,500	(500)	2,000	1,963	37
Total	<u>237,624</u>	<u>11,602</u>	<u>249,226</u>	<u>249,189</u>	<u>37</u>
Preschool disabilities - full-time					
Salaries of teachers	33,100	(627)	32,473	30,323	2,150
Purchased professional - educational services	45,750	(11,601)	34,149	33,928	221
General supplies	500	-	500	199	301
Total	<u>79,350</u>	<u>(12,228)</u>	<u>67,122</u>	<u>64,450</u>	<u>2,672</u>
Total special education	<u>383,024</u>	<u>(626)</u>	<u>382,398</u>	<u>379,371</u>	<u>3,027</u>
Basic skills/remedial					
Salaries of teachers	68,670	(17,470)	51,200	-	51,200
General supplies	750	-	750	-	750
Total	<u>69,420</u>	<u>(17,470)</u>	<u>51,950</u>	<u>-</u>	<u>51,950</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	10,575	-	10,575	6,313	4,262
Total	<u>10,575</u>	<u>-</u>	<u>10,575</u>	<u>6,313</u>	<u>4,262</u>
School-sponsored athletics - instruction					
Salaries	23,000	-	23,000	8,844	14,156
Purchased services	10,000	-	10,000	360	9,640
Supplies and materials	7,500	-	7,500	2,771	4,729
Total	<u>40,500</u>	<u>-</u>	<u>40,500</u>	<u>11,975</u>	<u>28,525</u>
Summer school - instruction					
Salaries of teachers	15,000	(15,000)	-	-	-
Salaries of teacher tutors	2,500	(2,500)	-	-	-
General supplies	350	(350)	-	-	-
Total	<u>17,850</u>	<u>(17,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total summer school	<u>17,850</u>	<u>(17,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Instructional alternative ed program - instruction					
Salaries of teachers	-	10,000	10,000	9,143	857
General supplies	-	350	350	-	350
Total	<u>-</u>	<u>10,350</u>	<u>10,350</u>	<u>9,143</u>	<u>1,207</u>
Total instruction regular	<u>\$ 2,553,315</u>	<u>\$ (65,649)</u>	<u>\$ 2,487,666</u>	<u>\$ 2,249,458</u>	<u>\$ 238,208</u>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 78,000	\$ (29,914)	\$ 48,086	\$ 48,086	\$ -
Tuition to priv. school for the disabled w/i state	69,756	51,387	121,143	121,133	10
<b>Total</b>	<b>147,756</b>	<b>21,473</b>	<b>169,229</b>	<b>169,219</b>	<b>10</b>
Undistributed expenditures - attendance & social work					
Salaries	25,000	8,402	33,402	33,402	-
Unused vacation payment to terminated/retired staff	5,000	(5,000)	-	-	-
<b>Total</b>	<b>30,000</b>	<b>3,402</b>	<b>33,402</b>	<b>33,402</b>	<b>-</b>
Undistributed expenditures - health services					
Salaries	67,800	16,000	83,800	81,499	2,301
Purchased professional and technical services	2,894	-	2,894	1,888	1,006
Supplies and materials	1,590	-	1,590	1,562	28
Other objects	250	-	250	-	250
<b>Total</b>	<b>72,534</b>	<b>16,000</b>	<b>88,534</b>	<b>84,949</b>	<b>3,585</b>
Undistributed expenditures - speech, ot, pt & related services					
Purchased professional - educational services	131,500	(4,500)	127,000	126,920	80
Supplies and materials	1,000	-	1,000	362	638
<b>Total</b>	<b>132,500</b>	<b>(4,500)</b>	<b>128,000</b>	<b>127,282</b>	<b>718</b>
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	13,500	13,500	27,000	27,000	-
Purchased professional - educational services	254,300	(18,500)	235,800	234,913	887
<b>Total</b>	<b>267,800</b>	<b>(5,000)</b>	<b>262,800</b>	<b>261,913</b>	<b>887</b>
Undistributed expenditures - guidance					
Salaries of other professional staff	64,550	-	64,550	63,919	631
Supplies and materials	250	-	250	182	68
<b>Total</b>	<b>64,800</b>	<b>-</b>	<b>64,800</b>	<b>64,101</b>	<b>699</b>
Undistributed expenditures - child study teams					
Salaries of secretarial and clerical assistants	37,000	8,353	45,353	45,353	-
Other salaries	23,500	(8,353)	15,147	14,841	306
Purchased professional - educational services	266,500	(3,487)	263,013	201,173	61,840
Other purchased services	9,750	-	9,750	7,427	2,323
Supplies and materials	2,800	-	2,800	635	2,165
Other objects	250	-	250	-	250
<b>Total</b>	<b>339,800</b>	<b>(3,487)</b>	<b>336,313</b>	<b>269,429</b>	<b>66,884</b>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	23,000	(20,000)	3,000	-	3,000
Salaries of other professional staff	-	23,000	23,000	20,933	2,067
Other salaries	3,000	(3,000)	-	-	-
Purchased professional - educational services	45,000	(3,086)	41,914	23,584	18,330
Supplies and materials	1,000	-	1,000	1,000	-
<b>Total</b>	<b>72,000</b>	<b>(3,086)</b>	<b>68,914</b>	<b>45,517</b>	<b>23,397</b>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 38,500	\$ (38,500)	\$ -	\$ -	\$ -
Salaries of technology coordinators	60,450	-	60,450	60,450	-
Purchased professional and technical services	3,000	(440)	2,560	2,270	290
Supplies and materials	3,173	440	3,613	1,402	2,211
<b>Total</b>	<b>105,123</b>	<b>(38,500)</b>	<b>66,623</b>	<b>64,122</b>	<b>2,501</b>
Undistributed expenditures - instructional staff training services					
Other purchased services	10,000	-	10,000	1,505	8,495
Other objects	750	-	750	-	750
<b>Total</b>	<b>10,750</b>	<b>-</b>	<b>10,750</b>	<b>1,505</b>	<b>9,245</b>
Undistributed expend. - support service - general admin.					
Salaries	73,930	-	73,930	73,929	1
Legal services	10,000	7,000	17,000	10,752	6,248
Audit fees	18,000	-	18,000	18,000	-
Architectural/engineering services	5,000	(1,000)	4,000	520	3,480
Other purchased professional services	116,375	(20,053)	96,322	96,125	197
Communications/telephone	5,500	1,000	6,500	5,844	656
BOE other purchased services	500	-	500	-	500
Miscellaneous purchased services	2,625	-	2,625	2,122	503
General supplies	1,000	-	1,000	201	799
Miscellaneous expenditures	290	-	290	290	-
BOE membership dues and fees	6,500	(2,000)	4,500	4,242	258
<b>Total</b>	<b>239,720</b>	<b>(15,053)</b>	<b>224,667</b>	<b>212,025</b>	<b>12,642</b>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	82,000	67	82,067	82,067	-
Salaries of secretarial and clerical assistants	26,200	-	26,200	26,200	-
Supplies and materials	100	(62)	38	38	-
Other objects	250	-	250	-	250
<b>Total</b>	<b>108,550</b>	<b>5</b>	<b>108,555</b>	<b>108,305</b>	<b>250</b>
Undistributed expenditures - central services					
Salaries	108,750	11,290	120,040	120,040	-
Unused vacation payment to terminated/retired staff	18,125	(18,125)	-	-	-
Purchased professional services	-	15,094	15,094	14,717	377
Miscellaneous purchased services	1,000	(1,000)	-	-	-
Supplies and materials	1,000	-	1,000	1,000	-
Other objects	1,120	(1,120)	-	-	-
<b>Total</b>	<b>129,995</b>	<b>6,139</b>	<b>136,134</b>	<b>135,757</b>	<b>377</b>
Undistributed expend. - required maint. for school facilities					
Salaries	69,200	-	69,200	65,904	3,296
Cleaning, repair, and maintenance services	197,230	(48,089)	149,141	111,609	37,532
Lead testing in water	6,000	-	6,000	-	6,000
General supplies	10,700	-	10,700	6,503	4,197
Other objects	5,650	-	5,650	2,684	2,966
<b>Total</b>	<b>288,780</b>	<b>(48,089)</b>	<b>240,691</b>	<b>186,700</b>	<b>53,991</b>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 191,070	\$ -	\$ 191,070	\$ 169,819	\$ 21,251
Purchased professional and technical services	225	-	225	-	225
Cleaning, repair, and maintenance service	40,000	(5,695)	34,305	12,734	21,571
Rental of land & bldg. other than lease purch agreement	30,835	-	30,835	30,740	95
Insurance	60,000	(14,075)	45,925	45,925	-
Miscellaneous purchased services	500	-	500	68	432
General supplies	25,650	13,509	39,159	33,794	5,365
Energy (natural gas)	750	4,910	5,660	5,660	-
Energy (electricity)	127,500	(4,500)	123,000	90,792	32,208
Energy (oil)	55,000	-	55,000	47,366	7,634
<b>Total</b>	<b>531,530</b>	<b>(5,851)</b>	<b>525,679</b>	<b>436,898</b>	<b>88,781</b>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	38,485	(2,447)	36,038	15,130	20,908
<b>Total</b>	<b>38,485</b>	<b>(2,447)</b>	<b>36,038</b>	<b>15,130</b>	<b>20,908</b>
Undistributed expenditures - security					
Purchased professional and technical services	500	218	718	718	-
General supplies	1,280	533	1,813	1,813	-
<b>Total</b>	<b>1,780</b>	<b>751</b>	<b>2,531</b>	<b>2,531</b>	<b>-</b>
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	9,300	(2,500)	6,800	5,575	1,225
Salaries for pupil trans (between home & school) - reg.	28,750	(28,750)	-	-	-
Salaries for pupil trans. (between home & school) - sp. ed.	29,800	(4,000)	25,800	25,800	-
Salaries for pupil trans (other than between home & school)	-	35,250	35,250	30,588	4,662
Management fee - esc & ctsa trans. program	7,500	(1,315)	6,185	6,057	128
Other purchased professional and technical service	2,500	-	2,500	1,353	1,147
Cleaning, repair, & maint. services	1,800	(800)	1,000	1,000	-
Contract serv. - aid in lieu pymts - non-public schools	20,000	(10,000)	10,000	8,186	1,814
Contract serv. - aid in lieu pymts - choice school students	2,000	-	2,000	133	1,867
Contract serv. (oth. than between home & school) - vend.	17,500	(15,500)	2,000	1,757	243
Contract serv (sp ed stds) - joint agreements	53,500	(53,500)	-	-	-
Contract serv. (reg. students) - escs & ctsas	160,000	(4,401)	155,599	155,599	-
Contract serv. (spl. ed. students) - escs & ctsas	50,000	50,516	100,516	95,458	5,058
Transportation supplies	11,500	-	11,500	1,565	9,935
<b>Total</b>	<b>394,150</b>	<b>(35,000)</b>	<b>359,150</b>	<b>333,071</b>	<b>26,079</b>
Allocated benefits - employee benefits					
Regular programs - instruction					
Social Security contributions	10,052	-	10,052	10,052	-
Other retirement contributions - PERS	650	-	650	650	-
Workmen's compensation	25,000	-	25,000	25,000	-
Health benefits	356,337	-	356,337	328,309	28,028
Tuition reimbursement	16,773	-	16,773	15,813	960
Other employee benefits	3,750	-	3,750	1,110	2,640
Unused sick payment to terminated/retired staff	10,675	(5,000)	5,675	675	5,000
<b>Total</b>	<b>423,237</b>	<b>(5,000)</b>	<b>418,237</b>	<b>381,609</b>	<b>36,628</b>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special programs - instruction					
Health benefits	\$ 74,722	\$ -	\$ 74,722	\$ 60,357	\$ 14,365
Other employee benefits	600	-	600	500	100
Unused sick payment to terminated/retired staff	-	5,000	5,000	5,000	-
<b>Total</b>	<b>75,322</b>	<b>5,000</b>	<b>80,322</b>	<b>65,857</b>	<b>14,465</b>
Other instructional programs - instruction					
Social Security contributions	1,500	-	1,500	1,500	-
<b>Total</b>	<b>1,500</b>	<b>-</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>
Attendance and social work services					
Social Security contributions	1,925	-	1,925	1,925	-
Other retirement contributions - PERS	3,500	-	3,500	3,500	-
Workmen's compensation	375	-	375	375	-
Health benefits	14,814	-	14,814	14,814	-
Other employee benefits	100	-	100	100	-
<b>Total</b>	<b>20,714</b>	<b>-</b>	<b>20,714</b>	<b>20,714</b>	<b>-</b>
Health services					
Social Security contributions	150	-	150	150	-
Workmen's compensation	750	-	750	750	-
Health benefits	4,000	-	4,000	4,000	-
Other employee benefits	100	-	100	100	-
<b>Total</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>
Other supp services- students - extraordinary					
Social Security contributions	1,050	-	1,050	1,050	-
Other retirement contributions - PERS	2,000	-	2,000	2,000	-
Unused sick payment to terminated/retired staff	-	5,000	5,000	5,000	-
<b>Total</b>	<b>3,050</b>	<b>5,000</b>	<b>8,050</b>	<b>8,050</b>	<b>-</b>
Other supp services - guidance					
Workmen's compensation	750	-	750	750	-
Health benefits	9,527	-	9,527	9,527	-
Other employee benefits	100	-	100	100	-
<b>Total</b>	<b>10,377</b>	<b>-</b>	<b>10,377</b>	<b>10,377</b>	<b>-</b>
Other supp services - child study teams					
Social Security contributions	5,074	-	5,074	5,074	-
Other retirement contributions - PERS	5,180	-	5,180	5,180	-
Workmen's compensation	750	-	750	750	-
Health benefits	26,424	-	26,424	26,424	-
Other employee benefits	100	-	100	100	-
<b>Total</b>	<b>37,528</b>	<b>-</b>	<b>37,528</b>	<b>37,528</b>	<b>-</b>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Educational media services - sch. library					
Social Security contributions	\$ 5,700	\$ -	\$ 5,700	\$ 5,700	\$ -
Other retirement contributions - PERS	10,500	-	10,500	10,500	-
Health benefits	22,000	-	22,000	22,000	-
Other employee benefits	300	-	300	300	-
Total	<u>38,500</u>	<u>-</u>	<u>38,500</u>	<u>38,500</u>	<u>-</u>
Support Services - general administration					
Social Security contributions	5,655	-	5,655	5,526	129
Other retirement contributions - PERS	9,800	-	9,800	9,800	-
Workmen's compensation	500	-	500	500	-
Health benefits	21,350	-	21,350	21,350	-
Other employee benefits	350	-	350	350	-
Total	<u>37,655</u>	<u>-</u>	<u>37,655</u>	<u>37,526</u>	<u>129</u>
Support services - school administration					
Social Security contributions	2,000	-	2,000	2,000	-
Other retirement contributions - PERS	3,500	-	3,500	3,500	-
Workmen's compensation	500	-	500	500	-
Health benefits	21,871	1	21,872	21,871	1
Tuition reimbursement	-	4,995	4,995	4,514	481
Other employee benefits	350	-	350	350	-
Total	<u>28,221</u>	<u>4,996</u>	<u>33,217</u>	<u>32,735</u>	<u>482</u>
Support Services - central services					
Social Security contributions	2,200	-	2,200	2,200	-
Other retirement contributions - PERS	4,025	-	4,025	4,025	-
Workmen's compensation	1,500	-	1,500	1,500	-
Health benefits	3,970	-	3,970	3,970	-
Other employee benefits	950	-	950	950	-
Unused sick payment to terminated/retired staff	-	8,914	8,914	8,914	-
Total	<u>12,645</u>	<u>8,914</u>	<u>21,559</u>	<u>21,559</u>	<u>-</u>
Required maintenance for school facilities					
Social Security contributions	5,200	-	5,200	5,200	-
Other retirement contributions - PERS	9,000	-	9,000	9,000	-
Workmen's compensation	750	-	750	750	-
Health benefits	28,953	-	28,953	28,953	-
Other employee benefits	325	-	325	325	-
Total	<u>44,228</u>	<u>-</u>	<u>44,228</u>	<u>44,228</u>	<u>-</u>
Custodial services					
Social Security contributions	15,000	-	15,000	15,000	-
Other retirement contributions - PERS	21,000	905	21,905	21,905	-
Health benefits	79,875	-	79,875	79,875	-
Other employee benefits	675	-	675	675	-
Total	<u>116,550</u>	<u>905</u>	<u>117,455</u>	<u>117,455</u>	<u>-</u>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Student transportation services					
Social Security contributions	\$ 5,200	\$ -	\$ 5,200	\$ 5,200	\$ -
Other retirement contributions - PERS	4,025	-	4,025	4,025	-
Other retirement contributions - regular	1,950	-	1,950	1,519	431
Health benefits	21,304	-	21,304	21,304	-
Total	<u>32,479</u>	<u>-</u>	<u>32,479</u>	<u>32,048</u>	<u>431</u>
Total allocated benefits - employees	<u>\$ 887,006</u>	<u>\$ 19,815</u>	<u>\$ 906,821</u>	<u>\$ 854,686</u>	<u>\$ 52,135</u>
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 637,094	\$ (637,094)
On-behalf TPAF Postretirement medical benefits	-	-	-	199,655	(199,655)
On-behalf TPAF Long-term disability insurance	-	-	-	449	(449)
Reimbursed TPAF Social Security contribution	-	-	-	160,438	(160,438)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>997,636</u>	<u>(997,636)</u>
Total undistributed expenditures	<u>\$ 3,863,059</u>	<u>\$ (93,428)</u>	<u>\$ 3,769,631</u>	<u>\$ 4,404,178</u>	<u>\$ (634,547)</u>
Total current	<u>\$ 6,416,374</u>	<u>\$ (159,077)</u>	<u>\$ 6,257,297</u>	<u>\$ 6,653,636</u>	<u>\$ (396,339)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ -	\$ 7,270	\$ 7,270	\$ 7,270	\$ -
Undistributed expenditures - care and upkeep of grounds	-	12,582	12,582	12,582	-
Undistributed expenditures - security	-	42,078	42,078	-	42,078
Total equipment	<u>-</u>	<u>61,930</u>	<u>61,930</u>	<u>19,852</u>	<u>42,078</u>
Facilities acquisition and construction service					
Architectural/engineering services	27,601	62,149	89,750	81,733	8,017
Construction services	333,547	73,000	406,547	406,547	-
Lease purchase agreements - principal	231,472	(1)	231,471	230,756	715
Assessment for debt service on SDA funding	36,136	-	36,136	36,136	-
Total facilities acquisition and construction service	<u>628,756</u>	<u>135,148</u>	<u>763,904</u>	<u>755,172</u>	<u>8,732</u>
Total capital outlay	<u>\$ 628,756</u>	<u>\$ 197,078</u>	<u>\$ 825,834</u>	<u>\$ 775,024</u>	<u>\$ 50,810</u>
Total expenditures	<u>\$ 7,045,130</u>	<u>\$ 38,001</u>	<u>\$ 7,083,131</u>	<u>\$ 7,428,660</u>	<u>\$ (345,529)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (427,861)</u>	<u>\$ (38,001)</u>	<u>\$ (465,862)</u>	<u>\$ 355,623</u>	<u>\$ 821,485</u>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Other financing sources (uses)					
Operating transfer out					
Transfer to food service fund - board contribution	\$ -	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ -
Total other financing sources (uses)	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(427,861)	(43,001)	(470,862)	350,623	821,485
Fund balances, July 1 (as restated)	2,887,444	-	2,887,444	2,887,444	-
Fund balances, June 30	<u>\$ 2,459,583</u>	<u>\$ (43,001)</u>	<u>\$ 2,416,582</u>	<u>\$ 3,238,067</u>	<u>\$ 821,485</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (172,760)	\$ -	\$ (172,760)	\$ (172,760)	\$ -
Increase in capital reserve	-	513,050	513,050	513,050	-
Interest deposit to capital reserve	7,500	-	7,500	654	(6,846)
Withdrawal from capital reserve	(210,000)	(93,000)	(303,000)	(303,000)	-
Increase in maintenance reserve	-	50,000	50,000	50,000	-
Interest earned on maintenance reserve	1,500	-	1,500	-	(1,500)
Withdrawal from maintenance reserve	(50,000)	-	(50,000)	(50,000)	-
Increase in unemployment compensation	-	50,000	50,000	50,000	-
Interest earned on unemployment compensation	-	-	-	66	66
Budgeted fund balance	(4,101)	(563,051)	(567,152)	262,613	829,765
Total	<u>\$ (427,861)</u>	<u>\$ (43,001)</u>	<u>\$ (470,862)</u>	<u>\$ 350,623</u>	<u>\$ 821,485</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 1,990,864	
Maintenance reserve				407,807	
Unemployment compensation				305,578	
Committed fund balance					
Year-end encumbrances				101,129	
Assigned fund balance					
Designated for subsequent year's expenditures				17,104	
Unassigned fund balance				<u>415,585</u>	
Fund balance per budgetary basis				3,238,067	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(24,474)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,213,593</u>	

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Revenues					
Local sources	\$ 4,705	\$ 37,515	\$ 42,220	\$ 42,217	\$ (3)
State sources	5,926	-	5,926	-	(5,926)
Federal sources	299,461	-	299,461	137,167	(162,294)
Total revenues	<u>\$ 310,092</u>	<u>\$ 37,515</u>	<u>\$ 347,607</u>	<u>\$ 179,384</u>	<u>\$ (168,223)</u>
Expenditures					
Instruction					
Salary	\$ 14,680	-	\$ 14,680	\$ 1,680	\$ 13,000
Other purchased services	2,705	-	2,705	2,702	3
General supplies	62,612	1,198	63,810	36,304	27,506
Textbooks	5,926	-	5,926	-	5,926
Total	<u>85,923</u>	<u>1,198</u>	<u>87,121</u>	<u>40,686</u>	<u>46,435</u>
Support services					
Tuition	58,000	-	58,000	58,000	-
Employee benefits	1,126	-	1,126	132	994
Purchased professional & technical services	42,633	5,567	48,200	14,694	33,506
Other purchased services	5,567	(5,567)	-	-	-
General supplies	46,727	-	46,727	6,227	40,500
Student activities	-	6,128	6,128	6,128	-
Total	<u>154,053</u>	<u>6,128</u>	<u>160,181</u>	<u>85,181</u>	<u>75,000</u>
Capital outlay					
Instructional equipment	70,116	(1,198)	68,918	22,130	46,788
Total expenditures	<u>\$ 310,092</u>	<u>\$ 6,128</u>	<u>\$ 316,220</u>	<u>\$ 147,997</u>	<u>\$ 168,223</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 31,387	\$ 31,387	\$ 31,387	\$ -
Fund balances, July 1 (as restated)	<u>25,492</u>	<u>-</u>	<u>25,492</u>	<u>25,492</u>	<u>-</u>
Fund balances, June 30	<u>\$ 25,492</u>	<u>\$ 31,387</u>	<u>\$ 56,879</u>	<u>\$ 56,879</u>	<u>\$ -</u>
Recapitulation of fund balance					
Restricted fund balance					
Scholarships				\$ 30,003	
Student activities				26,876	
Fund balance per budgetary basis				<u>\$ 56,879</u>	

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2021**

Explanation of Differences Between Budgetary Inflows and  
Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,784,283	\$ 179,384
<b>Difference - Budget to GAAP</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	638
Outstanding encumbrances - canceled	-	(567)
<b>Differences - Budget to GAAP</b>		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable - prior year	31,520	-
State aid receivable - current year	(24,474)	-
Total revenues (GAAP basis)	\$ 7,791,329	\$ 179,455
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 7,428,660	\$ 147,997
<b>Differences - Budget to GAAP</b>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	638
Outstanding encumbrances - canceled	-	(567)
Total expenditures (GAAP basis)	\$ 7,428,660	\$ 148,068

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING AND  
REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Liability - Public Employees Retirement System**  
**Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.0065808336%	0.0068237513%	0.0040684600%	0.0033631508%	0.0037821410%	0.0028656611%	0.0079867967%	0.0078899285%	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 1,073,162	\$ 1,229,536	\$ 801,059	\$ 782,888	\$ 1,120,162	\$ 643,283	\$ 1,495,347	\$ 1,507,922	N/A
District's covered employee payroll	469,651	523,262	467,754	313,395	269,526	245,198	256,430	239,690	549,155	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	205.09%	262.86%	255.61%	290.47%	456.84%	250.86%	623.87%	274.59%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A

N/A - Not Available

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of District's Contributions - Public Employees Retirement System**  
**Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 71,991	\$ 66,375	\$ 40,468	\$ 31,156	\$ 33,600	\$ 24,637	\$ 65,845	\$ 59,449	\$ 58,511	\$ 55,025
Contributions in relation to the contractually required contributor	(71,991)	(66,375)	(40,468)	(31,156)	(33,600)	(24,637)	(65,845)	(59,449)	(58,511)	(55,025)
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered employee payroll	\$ 469,651	\$ 523,262	\$ 467,754	\$ 313,395	\$ 269,526	\$ 245,198	\$ 256,430	\$ 239,690	\$ 549,155	\$ 553,475
Contributions as a percentage of covered employee payroll	15.33%	12.68%	8.65%	9.94%	12.47%	10.05%	25.68%	24.80%	10.65%	9.94%

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	14,089,258	14,912,668	16,217,588	15,497,015	17,984,152	12,689,567	10,200,574	11,273,116	\$ -
Total	\$ -	\$ 14,089,258	\$ 14,912,668	\$ 16,217,588	\$ 15,497,015	\$ 17,984,152	\$ 12,689,567	\$ 10,200,574	\$ 11,273,116	\$ -
District's covered employee payroll	\$ 2,271,362	\$ 2,289,101	\$ 2,376,730	\$ 2,270,414	\$ 2,506,048	\$ 2,447,015	\$ 2,286,558	\$ 2,267,805	\$ 2,024,616	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A

N/A - Not Available

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of District's Contributions - Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 484,848	\$ 488,571	\$ 385,353	\$ 384,520	\$ 258,531	\$ 183,036	\$ 108,544	\$ 80,740	\$ 144,128	\$ 87,092
Contributions in relation to the contractually required contributor	<u>(484,848)</u>	<u>(488,571)</u>	<u>(385,353)</u>	<u>(384,520)</u>	<u>(258,531)</u>	<u>(183,036)</u>	<u>(108,544)</u>	<u>(80,740)</u>	<u>(144,128)</u>	<u>(87,092)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
District's covered employee payroll	\$ 2,271,362	\$ 2,289,101	\$ 2,376,730	\$ 2,270,414	\$ 2,506,048	\$ 2,447,015	\$ 2,286,558	\$ 2,267,805	\$ 2,024,616	\$ 1,912,015
Contributions as a percentage of covered employee payroll	21.35%	21.34%	16.21%	16.94%	10.32%	7.48%	4.75%	3.56%	7.12%	4.55%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Other**  
**Postemployment Employee Benefits Liability**  
**Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	14,090,114	8,614,080	9,419,302	11,232,661	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 14,090,114	\$ 8,614,080	\$ 9,419,302	\$ 11,232,661	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 2,812,363	\$ 2,844,484	\$ 2,583,809	\$ 2,775,574	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2021**

- Note 1 - Special funding situation - TPAF and other postretirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate was 5.60% in State fiscal year 2019 and 5.40% in State fiscal year 2020. The inflation rate was 2.75% in State fiscal year 2019 and 2.75% in State fiscal year 2020.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 6.28% in State fiscal year 2019 and 7.00% in State fiscal year 2020. The inflation rate was 2.75% for State fiscal year 2019 and 2.75% for State fiscal year 2020.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate decreased from 3.50% in State fiscal year 2019 to 2.21% in State fiscal year 2020. The inflation rate was 2.50% for State fiscal year 2019 and 2020. The other postretirement employee benefits discount rate decreased from 3.50% in State fiscal year 2019 to 2.21% in State fiscal year 2020. The inflation rate was 2.50% for State fiscal year 2019 and 2020.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
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 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%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits  
There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

## **SPECIAL REVENUE FUND**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues And Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2021**

	ESSA Title IA	ESSA Title IIA	IDEA Basic	IDEA Preschool	Small, Rural School Achievement	CARES Emergency Relief	Coronavirus Relief Fund	Local Grants	Scholarships	Student Activities	Total
<b>Revenues</b>											
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,702	\$ 30,003	\$ 7,512	\$ 42,217
Federal sources	21,093	3,909	64,203	4,582	29,472	5,618	8,290	-	-	-	137,167
<b>Total revenues</b>	<u>\$ 21,093</u>	<u>\$ 3,909</u>	<u>\$ 64,203</u>	<u>\$ 4,582</u>	<u>\$ 29,472</u>	<u>\$ 5,618</u>	<u>\$ 8,290</u>	<u>\$ 4,702</u>	<u>\$ 30,003</u>	<u>\$ 7,512</u>	<u>\$ 179,384</u>
<b>Expenditures</b>											
<b>Instruction</b>											
Salary	\$ -	\$ -	\$ -	\$ -	\$ 1,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,680
Other purchased services	-	-	-	-	-	-	-	2,702	-	-	2,702
General supplies	21,093	-	-	-	9,950	1,198	2,063	2,000	-	-	36,304
Textbooks	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>21,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,630</u>	<u>1,198</u>	<u>2,063</u>	<u>4,702</u>	<u>-</u>	<u>-</u>	<u>40,686</u>
<b>Support services</b>											
Tuition	-	-	58,000	-	-	-	-	-	-	-	58,000
Employee benefits	-	-	-	-	132	-	-	-	-	-	132
Purchased professional & technical services	-	3,909	6,203	4,582	-	-	-	-	-	-	14,694
General supplies	-	-	-	-	-	-	6,227	-	-	-	6,227
Student activities	-	-	-	-	-	-	-	-	-	6,128	6,128
<b>Total</b>	<u>-</u>	<u>3,909</u>	<u>64,203</u>	<u>4,582</u>	<u>132</u>	<u>-</u>	<u>6,227</u>	<u>-</u>	<u>-</u>	<u>6,128</u>	<u>85,181</u>
<b>Capital outlay</b>											
Instructional equipment	-	-	-	-	17,710	4,420	-	-	-	-	22,130
<b>Total expenditures</b>	<u>\$ 21,093</u>	<u>\$ 3,909</u>	<u>\$ 64,203</u>	<u>\$ 4,582</u>	<u>\$ 29,472</u>	<u>\$ 5,618</u>	<u>\$ 8,290</u>	<u>\$ 4,702</u>	<u>\$ -</u>	<u>\$ 6,128</u>	<u>\$ 147,997</u>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues And Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2021**

	<u>ESSA Title IA</u>	<u>ESSA Title IIA</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Small, Rural School Achievement</u>	<u>CARES Emergency Relief</u>	<u>Coronavirus Relief Fund</u>	<u>Local Grants</u>	<u>Scholarships</u>	<u>Student Activities</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,003	\$ 1,384	\$ 31,387
Fund balances, July 1 (as restated)	-	-	-	-	-	-	-	-	-	25,492	25,492
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,003</u>	<u>\$ 26,876</u>	<u>\$ 56,879</u>

See independent auditors' report.

## **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

(NOT APPLICABLE TO THIS REPORT)

## **PROPRIETARY FUND**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

**See Statements B-4, B-5, and B-6**

## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

(NOT APPLICABLE TO THIS REPORT)

## **LONG-TERM DEBT SCHEDULES**

The Long-term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2021**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/20	Issued	Retired	Balance 06/30/21
			Date	Amount					
2012 Refunding issue of 2005 series	03/17/13	\$ 5,380,000	02/15/22	\$ 555,000	4.00%	\$2,885,000	\$ -	\$ 535,000	\$ 2,350,000
			02/15/23	575,000	4.00%	-	-	-	-
			02/15/24	600,000	4.00%	-	-	-	-
			02/15/25	620,000	4.00%	-	-	-	-
								<u>\$2,885,000</u>	<u>\$ -</u>

See independent auditor's report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Obligations Under Capital Leases**  
**For the Fiscal Year Ended June 30, 2021**

Description	Interest Rate	Amount of Original Issue	Balance 07/01/20	Issued	Retired	Balance 06/30/21
Security improvements, roofing replacement, exterior concrete stair replacement, and basement water infiltrations	2.87%	\$ 1,200,000	\$ 967,934	-	\$ 230,756	\$ 737,178
			<u>\$ 967,934</u>	<u>-</u>	<u>\$ 230,756</u>	<u>\$ 737,178</u>

See independent auditor's report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Revenues				
Local sources				
Local tax levy	\$ 645,050	\$ -	\$ 645,050	\$ -
Total revenues	<u>645,050</u>	<u>-</u>	<u>645,050</u>	<u>-</u>
Expenditures				
Regular debt service				
Redemption of principal	535,000	-	535,000	-
Interest on bonds	110,050	-	110,050	-
Total expenditures	<u>645,050</u>	<u>-</u>	<u>645,050</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

## **STATISTICAL SECTION**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Statistical Section J Series**

Contents	Page
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
<b>Sources:</b> Unless otherwise noted, the information in these schedules are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government activities										
Net investment in capital assets	\$ 6,342,655	\$ 6,561,217	\$ 6,667,919	\$ 6,709,605	\$ 6,963,838	\$ 7,155,687	\$ 7,343,926	\$ 7,361,529	\$ 7,535,789	\$ 8,194,027
Restricted	216,808	105,550	161,623	254,246	414,577	574,340	1,052,110	1,458,689	2,468,971	2,761,128
Unrestricted	364,836	242,654	(1,334,360)	(959,799)	(874,319)	(931,629)	(646,379)	(585,618)	(704,967)	(560,935)
Total governmental activities	<u>\$ 6,924,299</u>	<u>\$ 6,909,421</u>	<u>\$ 5,495,182</u>	<u>\$ 6,004,052</u>	<u>\$ 6,504,096</u>	<u>\$ 6,798,398</u>	<u>\$ 7,749,657</u>	<u>\$ 8,234,600</u>	<u>\$ 9,299,793</u>	<u>\$ 10,394,220</u>
Business-type activities										
Net investment in capital assets	\$ 4,687	\$ 10,541	\$ 9,407	\$ 8,273	\$ 7,139	\$ 13,188	\$ 11,402	\$ 11,026	\$ 9,591	\$ 8,156
Unrestricted	47,786	43,579	70,836	80,880	67,869	29,489	35,482	3,741	2,007	13,037
Total business-type activities	<u>\$ 52,473</u>	<u>\$ 54,120</u>	<u>\$ 80,243</u>	<u>\$ 89,153</u>	<u>\$ 75,008</u>	<u>\$ 42,677</u>	<u>\$ 46,884</u>	<u>\$ 14,767</u>	<u>\$ 11,598</u>	<u>\$ 21,193</u>
District-wide										
Net investment in capital assets	\$ 6,347,342	\$ 6,571,758	\$ 6,677,326	\$ 6,717,878	\$ 6,970,977	\$ 7,168,875	\$ 7,355,328	\$ 7,372,555	\$ 7,545,380	\$ 8,202,183
Restricted	216,808	105,550	161,623	254,246	414,577	574,340	1,052,110	1,458,689	2,468,971	2,761,128
Unrestricted	412,622	286,233	(1,263,524)	(878,919)	(806,450)	(902,140)	(610,897)	(581,877)	(702,960)	(547,898)
Total district-wide	<u>\$ 6,976,772</u>	<u>\$ 6,963,541</u>	<u>\$ 5,575,425</u>	<u>\$ 6,093,205</u>	<u>\$ 6,579,104</u>	<u>\$ 6,841,075</u>	<u>\$ 7,796,541</u>	<u>\$ 8,249,367</u>	<u>\$ 9,311,391</u>	<u>\$ 10,415,413</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,218,651	\$ 2,849,071	\$ 2,861,410	\$ 3,089,186	\$ 3,989,038	\$ 4,153,428	\$ 4,464,813	\$ 4,530,474	\$ 3,759,052	\$ 4,241,238
Special education	824,142	842,105	881,283	898,844	657,463	837,329	437,254	688,953	711,896	866,785
Other special education	70,895	76,299	61,467	75,775	123,932	98,611	193,872	3,878	-	24,117
Other instruction	-	2,487	12,874	25,385	37,681	46,678	47,347	78,127	326,706	33,079
Support services										
Tuition	277,380	306,290	326,465	297,520	331,905	210,704	323,119	324,918	197,510	227,219
Student & instruction related services	622,515	685,155	717,766	757,493	798,516	995,930	1,123,937	1,234,490	1,459,329	1,438,343
General & business administrative services	513,941	643,084	595,459	627,610	643,343	712,448	661,909	634,784	632,463	615,780
School administration	76,015	76,598	82,020	109,434	91,214	138,232	86,456	89,842	73,689	237,725
Plant operations & maintenance	547,556	570,862	474,002	472,717	478,728	663,211	628,220	770,890	815,295	846,365
Pupil transportation	370,143	312,120	312,307	300,046	110,350	458,737	310,738	359,248	303,148	381,349
Interest on long-term debt	273,307	248,144	275,787	225,236	248,948	192,159	177,688	185,275	155,304	126,999
Total governmental activities expenses	<u>5,794,545</u>	<u>6,612,215</u>	<u>6,600,840</u>	<u>6,879,246</u>	<u>7,511,118</u>	<u>8,507,467</u>	<u>8,455,353</u>	<u>8,900,879</u>	<u>8,434,392</u>	<u>9,038,999</u>
Business-type activities										
Food services	95,733	67,922	66,830	62,861	67,225	71,754	73,548	71,519	57,500	42,656
Pre K & K wrap program	16,013	21,941	20,275	48,709	65,014	61,000	15,750	-	-	-
Total business-type activities	<u>111,746</u>	<u>89,863</u>	<u>87,105</u>	<u>111,570</u>	<u>132,239</u>	<u>132,754</u>	<u>89,298</u>	<u>71,519</u>	<u>57,500</u>	<u>42,656</u>
Total district expenses	<u>\$ 5,906,291</u>	<u>\$ 6,702,078</u>	<u>\$ 6,687,945</u>	<u>\$ 6,990,816</u>	<u>\$ 7,643,357</u>	<u>\$ 8,640,221</u>	<u>\$ 8,544,651</u>	<u>\$ 8,972,398</u>	<u>\$ 8,491,892</u>	<u>\$ 9,081,655</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program revenues										
Governmental activities										
Charges for services										
Instruction	\$ -	\$ -	\$ 1,147	\$ 11,511	\$ 16,672	\$ 11,314	\$ -	\$ 90,567	\$ 56,130	\$ 94,667
General & business administration services	-	-	-	-	-	13,750	31,400	-	-	-
Plant operations & maintenance	-	-	7,702	250	472	3,800	3,245	2,790	3,688	-
Pupil transportation	-	-	195	-	-	-	-	7,500	14,998	-
Operating grants & contributions	198,325	156,464	147,083	142,654	126,913	147,159	165,753	214,490	174,983	171,940
Total governmental activities	<u>198,325</u>	<u>156,464</u>	<u>156,127</u>	<u>154,415</u>	<u>144,057</u>	<u>176,023</u>	<u>200,398</u>	<u>315,347</u>	<u>249,799</u>	<u>266,607</u>
Business-type activities										
Charges for services										
Food service	63,578	56,307	54,649	49,919	55,939	50,332	57,260	53,395	39,452	449
Pre K & K wrap program	46,481	22,465	43,975	56,813	46,834	36,293	41,594	-	-	-
Operating grants & contributions	18,278	12,709	14,581	13,714	15,260	13,723	14,383	16,480	14,559	46,800
Total business - type activities	<u>128,337</u>	<u>91,481</u>	<u>113,205</u>	<u>120,446</u>	<u>118,033</u>	<u>100,348</u>	<u>113,237</u>	<u>69,875</u>	<u>54,011</u>	<u>47,249</u>
Total district-wide program revenues	<u>\$ 326,662</u>	<u>\$ 247,945</u>	<u>\$ 269,332</u>	<u>\$ 274,861</u>	<u>\$ 262,090</u>	<u>\$ 276,371</u>	<u>\$ 313,635</u>	<u>\$ 385,222</u>	<u>\$ 303,810</u>	<u>\$ 313,856</u>
Net (expense) revenues										
Governmental activities	\$ (5,596,220)	\$ (6,455,751)	\$ (6,444,713)	\$ (6,724,831)	\$ (7,367,061)	\$ (8,331,444)	\$ (8,254,955)	\$ (8,585,532)	\$ (8,184,593)	\$ (8,772,392)
Business-type activities	16,591	1,618	26,100	8,876	(14,206)	(32,406)	23,939	(1,644)	(3,489)	4,593
Total district-wide net expenses	<u>\$ (5,579,629)</u>	<u>\$ (6,454,133)</u>	<u>\$ (6,418,613)</u>	<u>\$ (6,715,955)</u>	<u>\$ (7,381,267)</u>	<u>\$ (8,363,850)</u>	<u>\$ (8,231,016)</u>	<u>\$ (8,587,176)</u>	<u>\$ (8,188,082)</u>	<u>\$ (8,767,799)</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 4,903,256	\$ 5,027,551	\$ 5,128,102	\$ 5,230,664	\$ 5,335,277	\$ 5,439,982	\$ 5,548,782	\$ 5,659,758	\$ 5,859,583	\$ 5,976,775
Taxes levied for debt service	658,185	658,747	640,774	639,875	643,550	634,698	645,500	645,800	645,650	645,050
Unrestricted grants & contributions	714,120	753,265	737,015	1,349,588	1,805,503	2,502,994	2,941,300	2,676,545	2,380,757	3,196,463
State capital grant not restricted	553,049	-	-	-	-	-	-	-	-	-
Tuition income	6,073	-	-	-	-	-	-	-	-	-
Investment earnings	8,743	5,416	4,607	4,886	5,317	6,651	14,936	27,024	38,301	1,438
Miscellaneous income	26,423	5,666	64,755	8,688	77,458	41,424	35,696	29,771	64,309	52,093
Special item-insurance claim proceeds for storm damage	-	18,228	-	-	-	-	-	-	-	-
Operating transfer	3,639	(28,000)	(96,306)	-	-	-	20,000	31,577	-	(5,000)
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	(19,818)	-
Prior year adjustment	-	-	-	-	-	(3)	-	-	-	-
Total governmental activities	<u>6,873,488</u>	<u>6,440,873</u>	<u>6,478,947</u>	<u>7,233,701</u>	<u>7,867,105</u>	<u>8,625,746</u>	<u>9,206,214</u>	<u>9,070,475</u>	<u>8,968,782</u>	<u>9,866,819</u>
Business-type activities										
Investment earnings	144	29	23	34	61	75	58	74	69	2
Miscellaneous income	3,057	-	-	-	-	-	210	200	251	-
Gain on disposal of assets	-	-	-	-	-	-	-	830	-	-
Operating transfer	(3,639)	-	-	-	-	-	(20,000)	(31,577)	-	5,000
Total business-type activities	<u>(438)</u>	<u>29</u>	<u>23</u>	<u>34</u>	<u>61</u>	<u>75</u>	<u>(19,732)</u>	<u>(30,473)</u>	<u>320</u>	<u>5,002</u>
Total district-wide	<u>\$ 6,873,050</u>	<u>\$ 6,440,902</u>	<u>\$ 6,478,970</u>	<u>\$ 7,233,735</u>	<u>\$ 7,867,166</u>	<u>\$ 8,625,821</u>	<u>\$ 9,186,482</u>	<u>\$ 9,040,002</u>	<u>\$ 8,969,102</u>	<u>\$ 9,871,821</u>
Change in net position										
Governmental activities	\$ 1,277,268	\$ (14,878)	\$ 34,234	\$ 508,870	\$ 500,044	\$ 294,302	\$ 951,259	\$ 484,943	\$ 784,189	\$ 1,094,427
Business-type activities	16,153	1,647	26,123	8,910	(14,145)	(32,331)	4,207	(32,117)	(3,169)	9,595
Total district	<u>\$ 1,293,421</u>	<u>\$ (13,231)</u>	<u>\$ 60,357</u>	<u>\$ 517,780</u>	<u>\$ 485,899</u>	<u>\$ 261,971</u>	<u>\$ 955,466</u>	<u>\$ 452,826</u>	<u>\$ 781,020</u>	<u>\$ 1,104,022</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Restricted	\$ 272,168	\$ 221,570	\$ 223,702	\$ 289,261	\$ 500,143	\$ 704,023	\$ 1,121,260	\$ 1,465,344	\$ 2,471,525	\$ 2,704,249
Committed	71,504	145,081	106,423	329,387	393,057	99,877	234,210	115,086	172,760	101,129
Assigned	56,147	728	-	7,417	-	-	-	181,754	1,547	17,104
Unassigned	332,415	299,663	235,073	235,310	294,474	345,955	341,220	292,703	235,584	391,111
Total general fund	<u>\$ 732,234</u>	<u>\$ 667,042</u>	<u>\$ 565,198</u>	<u>\$ 861,375</u>	<u>\$ 1,187,674</u>	<u>\$ 1,149,855</u>	<u>\$ 1,696,690</u>	<u>\$ 2,054,887</u>	<u>\$ 2,881,416</u>	<u>\$ 3,213,593</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,492	\$ 56,879
Capital projects fund	3,475	-	3	6	-	-	-	-	-	-
Assigned, reported in										
Capital projects fund	950	866	-	-	-	-	-	-	-	-
Debt service fund	3,332	3,332	10,052	10,052	10,058	-	-	-	-	-
Total all other governmental funds	<u>\$ 7,757</u>	<u>\$ 4,198</u>	<u>\$ 10,055</u>	<u>\$ 10,058</u>	<u>\$ 10,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,492</u>	<u>\$ 56,879</u>
								*		

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax levy	\$ 5,561,441	\$ 5,686,298	\$ 5,768,876	\$ 5,870,539	\$ 5,978,827	\$ 6,074,680	\$ 6,194,282	\$ 6,305,558	\$ 6,505,233	\$ 6,621,825
Tuition charges	6,073	-	-	11,511	16,672	11,314	-	90,567	56,130	87,155
Transportation fees	-	-	-	-	-	-	-	7,500	14,998	-
Rents and royalties	-	-	-	-	-	3,800	3,245	2,790	3,688	-
Interest earnings	8,743	5,416	4,607	4,886	5,317	6,651	14,936	27,024	38,301	1,438
Miscellaneous	26,468	5,724	27,963	8,938	40,412	55,540	67,096	31,759	65,229	94,307
State sources	1,271,308	768,898	764,613	830,410	1,048,292	1,179,856	1,325,422	1,462,048	1,396,118	1,673,871
Federal sources	194,141	140,773	118,759	112,945	109,312	118,672	131,813	170,676	128,015	137,238
<b>Total revenues</b>	<b>7,068,174</b>	<b>6,607,109</b>	<b>6,684,818</b>	<b>6,839,229</b>	<b>7,198,832</b>	<b>7,450,513</b>	<b>7,736,794</b>	<b>8,097,922</b>	<b>8,207,712</b>	<b>8,615,834</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	1,508,190	1,785,923	2,019,154	1,900,067	2,471,583	2,159,749	2,025,138	2,139,465	1,898,142	1,842,656
Special education instruction	585,297	579,101	654,723	549,939	448,868	507,122	223,801	352,489	375,693	379,371
Other special instruction	46,643	46,930	49,567	49,313	79,251	90,570	91,691	-	-	-
Other instruction	-	2,250	10,504	23,360	31,878	42,872	43,529	46,176	39,266	27,431
<b>Support services</b>										
Tuition	189,108	241,337	242,446	222,436	255,220	148,673	257,033	250,383	157,510	169,219
Student & istr. related services	430,488	468,239	511,373	483,340	503,288	592,148	705,980	698,931	953,002	952,220
General administration	267,257	279,314	262,144	245,585	263,879	286,011	269,412	247,007	210,952	212,025
School administration services	61,567	56,675	56,249	68,111	64,257	71,273	79,842	71,947	41,549	108,305
Central services	117,415	220,052	155,364	158,052	167,526	170,175	173,241	177,728	187,645	135,757
Plant operations & maintenance	546,029	567,218	463,225	469,402	479,944	660,124	621,757	720,182	673,582	641,259
Pupil transportation	370,143	312,120	308,916	293,789	135,893	479,708	329,895	354,202	294,260	333,071
Employee benefits	695,983	723,532	726,017	740,667	664,802	661,874	624,106	780,267	801,674	854,686
On-behalf TPAF Pension & Social Security contribution	420,217	454,245	390,098	444,433	586,349	654,951	798,870	880,728	819,408	997,636
Capital outlay	35,165	333,053	130,887	52,430	61,256	120,089	68,275	1,255,371	302,735	738,888
Capital projects	766,186	3,672	-	-	-	-	-	-	-	-
Special revenue funds	198,325	156,464	147,083	142,654	126,913	147,159	165,753	214,490	174,983	148,068
<b>Debt service</b>										
Principal	385,000	400,000	450,000	440,000	460,000	475,000	490,000	505,000	520,000	535,000
Interest & other charges	275,063	282,183	230,242	236,011	219,686	205,886	191,636	176,936	161,786	146,186
<b>Total expenditures</b>	<b>6,898,076</b>	<b>6,912,308</b>	<b>6,807,992</b>	<b>6,519,589</b>	<b>7,020,593</b>	<b>7,473,384</b>	<b>7,159,959</b>	<b>8,871,302</b>	<b>7,612,187</b>	<b>8,221,778</b>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**Changes in Fund Balances - Governmental Funds (continued)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess (deficiency) of revenues over (under) expenditures	\$ 170,098	\$ (305,199)	\$ (123,174)	\$ 319,640	\$ 178,239	\$ (22,871)	\$ 576,835	\$ (773,380)	\$ 595,525	\$ 394,056
Other financing sources (uses)										
Capital leases (non-budgeted)	-	167,400	123,493	-	148,060	-	-	1,200,000	-	-
Proceeds from bond issue	-	5,380,000	-	-	-	-	-	-	-	-
Payment to refunding bond escrow :	-	(5,788,917)	-	-	-	-	-	-	-	-
Premium on bond issue	-	487,737	-	-	-	-	-	-	-	-
Special item-insurance claim proceeds for storm damage	-	18,228	-	-	-	-	-	-	-	-
Transfers in (out)	3,639	(28,000)	(96,306)	(23,460)	-	(25,006)	(30,000)	(68,423)	(50,000)	(5,000)
Total other financing sources (uses)	3,639	236,448	27,187	(23,460)	148,060	(25,006)	(30,000)	1,131,577	(50,000)	(5,000)
Net change in fund balances	\$ 173,737	\$ (68,751)	\$ (95,987)	\$ 296,180	\$ 326,299	\$ (47,877)	\$ 546,835	\$ 358,197	\$ 545,525	\$ 389,056
Debt service as a percentage of non-capital expenditures	12.14%	11.58%	11.34%	11.67%	10.82%	10.20%	10.63%	9.83%	10.29%	10.01%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.  
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund - Other Local Revenues by Source**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interest income	\$ 7,793	\$ 5,416	\$ 4,604	\$ 4,883	\$ 5,317	\$ 6,651	\$ 14,936	\$ 27,024	\$ 38,301	\$ 1,435
Tuition	6,073	-	-	11,511	16,672	11,314	-	90,567	56,130	87,155
Transportation fees	-	-	-	-	-	-	-	7,500	14,998	-
Building use fees/land rent	800	-	-	250	472	3,800	3,245	2,790	3,688	-
Prior year refunds	878	-	-	-	9,007	20,389	557	839	12,046	31,584
Student fees - pay to play	-	-	-	-	-	-	11,500	10,100	10,300	-
Outstanding checks voided	-	-	-	-	-	400	20	-	-	35
Book fines	18	-	-	-	-	106	4	15	-	-
Accounts payable canceled	530	5,313	-	4,210	-	-	2,695	-	-	-
Donations	300	-	-	-	-	-	-	-	-	-
Miscellaneous other	19	353	18,051	-	-	9,472	16,296	640	622	-
Miscellaneous refunds	160	-	-	-	-	-	-	-	-	-
Copy fees	8	-	-	-	-	-	-	-	-	-
Sale of scrap metal	321	-	-	-	-	-	-	-	-	-
Fund 20 adjustment	23,389	-	-	-	-	-	-	-	-	-
Return of excess funds	-	-	-	2,635	-	8,068	74	-	-	-
Sale of assets	-	-	-	1,843	30,933	578	-	4,836	300	-
Shared services	-	-	-	-	-	13,750	31,400	-	41,041	-
E-rate	-	-	-	-	-	1,997	2,996	12,095	-	20,474
Chromebook repairs	-	-	-	-	-	414	1,554	1,246	-	-
<b>Annual totals</b>	<b>\$ 40,289</b>	<b>\$ 11,082</b>	<b>\$ 22,655</b>	<b>\$ 25,332</b>	<b>\$ 62,401</b>	<b>\$ 76,939</b>	<b>\$ 85,277</b>	<b>\$ 157,652</b>	<b>\$ 177,426</b>	<b>\$ 140,683</b>

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacant land	\$ 5,138,600	\$ 4,176,400	\$ 3,902,400	\$ 3,667,800	\$ 3,383,900	\$ 2,752,600	\$ 2,684,100	\$ 3,889,500	\$ 4,068,000	\$ 3,975,600
Residential	383,115,900	383,146,300	385,013,700	386,011,200	387,268,600	386,549,700	385,884,700	387,381,900	388,128,300	386,896,800
Farm regular	105,795,900	107,188,300	104,069,500	104,457,900	105,564,300	108,880,800	108,837,900	108,271,500	108,355,500	107,930,300
Q farm	4,108,204	4,096,225	4,400,974	4,134,477	4,139,397	4,111,735	4,556,876	4,517,300	4,433,600	4,318,200
Commercial	38,119,400	37,179,300	37,219,300	36,719,300	36,411,900	36,421,500	36,367,400	36,367,400	36,064,100	36,473,100
Industrial	2,328,900	2,328,900	2,328,900	2,328,900	2,328,900	2,028,900	2,028,900	2,028,900	2,028,900	2,028,900
Apartment	1,000,800	1,000,800	1,029,000	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400
<b>Total assessed value</b>	<b>539,607,704</b>	<b>539,116,225</b>	<b>537,963,774</b>	<b>538,356,977</b>	<b>540,134,397</b>	<b>541,782,635</b>	<b>541,397,276</b>	<b>543,493,900</b>	<b>544,115,800</b>	<b>542,660,300</b>
Public utilities (a)	2,520,284	2,523,005	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600
<b>Net valuation taxable</b>	<b>\$ 542,127,988</b>	<b>\$ 541,639,230</b>	<b>\$ 539,367,374</b>	<b>\$ 539,760,577</b>	<b>\$ 541,537,997</b>	<b>\$ 543,186,235</b>	<b>\$ 542,800,876</b>	<b>\$ 544,897,500</b>	<b>\$ 545,519,400</b>	<b>\$ 544,063,900</b>
Estimated actual county equalized value	\$ 578,269,854	\$ 555,641,393	\$ 579,840,222	\$ 553,451,361	\$ 555,651,547	\$ 552,917,585	\$ 573,906,615	\$ 569,321,387	\$ 564,953,811	\$ 542,926,701
Percentage of net valuation to estimated actual equalized value	93.75%	97.48%	93.02%	97.53%	97.46%	98.24%	94.58%	95.71%	96.56%	100.21%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.04</b>	<b>\$ 1.04</b>	<b>\$ 1.08</b>	<b>\$ 1.10</b>	<b>\$ 1.11</b>	<b>\$ 1.17</b>	<b>\$ 1.15</b>	<b>\$ 1.18</b>	<b>\$ 1.20</b>	<b>\$ 1.24</b>

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies.
- (b) Tax rates are per \$100.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Rate Per \$100 of Assessed Value)**

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	Fire District	
2012	\$ 0.917	\$ 0.123	\$ 1.040	\$ 0.640	\$ 0.310	\$ 0.380	\$ 0.050	\$ 2.420
2013	0.920	0.120	1.040	0.630	0.310	0.380	0.060	2.420
2014	0.960	0.120	1.080	0.670	0.320	0.400	0.060	2.530
2015	0.980	0.120	1.100	0.610	0.330	0.380	0.060	2.480
2016	0.991	0.119	1.110	0.597	0.335	0.381	0.062	2.485
2017	1.050	0.122	1.172	0.602	0.344	0.378	0.063	2.559
2018	1.033	0.120	1.153	0.643	0.352	0.398	0.063	2.609
2019	1.056	0.121	1.177	0.667	0.360	0.395	0.063	2.662
2020	1.084	0.119	1.203	0.668	0.404	0.391	0.070	2.736
2021	1.119	0.121	1.240	0.617	0.412	0.377	0.073	2.719

Sources: Municipal Tax Collector

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
National Project Resources LP	\$ 20,000,000	1	3.68%	\$ 20,000,000	1	3.69%
IHM Clinton LLC	6,500,000	2	1.19%	-		-
AT&T Communications	2,631,200	3	0.48%	3,125,000	3	0.58%
Individual Property Owner	2,361,200	4	0.43%	2,558,100	4	0.47%
Individual Property Owner	1,874,900	5	0.48%	1,960,227	5	0.36%
Individual Property Owner	1,854,900	6	0.43%	1,945,127	6	0.36%
Individual Property Owner	1,649,100	7	0.34%	1,813,987	7	0.33%
Individual Property Owner	1,403,900	8	0.34%	1,729,134	8	0.32%
Individual Property Owner	1,379,500	9	0.30%	1,573,600	9	0.29%
Individual Property Owner	1,330,500	10	0.24%	1,482,600	10	0.27%
Franklin Hotel Associates	-		-	7,000,000	2	1.29%
	<u>\$ 40,985,200</u>		<u>7.94%</u>	<u>\$ 43,187,775</u>		<u>7.97%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
**Last Ten Years**

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2012	\$ 5,561,441	\$ 5,561,441	100.00%
2013	5,686,298	5,686,298	100.00%
2014	5,768,876	5,768,876	100.00%
2015	5,870,539	5,870,539	100.00%
2016	5,978,827	5,978,827	100.00%
2017	6,074,680	6,074,680	100.00%
2018	6,194,282	6,194,282	100.00%
2019	6,305,558	6,305,558	100.00%
2020	6,505,233	6,505,233	100.00%
2021	6,621,825	6,621,825	100.00%

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

- (a) School taxes are collected by the Municipal Tax Collector. Under New Jersey State statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Activities Capital Leases			
2012	\$ 6,634,000	\$ -	\$ -	\$ -	\$ -	\$ 6,634,000	2.81%	\$ 2,019
2013	6,225,000	-	110,837	-	-	6,335,837	2.58%	1,941
2014	5,775,000	-	153,724	-	-	5,928,724	2.42%	1,819
2015	5,335,000	-	74,424	-	-	5,409,424	2.13%	1,676
2016	4,875,000	-	150,319	-	-	5,025,319	1.92%	1,552
2017	4,400,000	-	76,143	-	-	4,476,143	1.65%	1,384
2018	3,910,000	-	-	-	-	3,910,000	1.42%	1,206
2019	3,405,000	-	1,200,000	-	-	4,605,000	1.47%	1,301
2020	2,885,000	-	967,933	-	-	3,852,933	1.18%	1,091
2021	2,350,000	-	737,178	-	-	3,087,178	N/A	882

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-14 for personal income and population data.  
 These ratios are calculated using personal income and population for the prior calendar year.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 6,634,000	\$ -	\$ 6,634,000	1.22%	2,019
2013	6,225,000	-	6,225,000	1.15%	1,907
2014	5,775,000	-	5,775,000	1.07%	1,772
2015	5,335,000	-	5,335,000	0.92%	1,653
2016	4,875,000	-	4,875,000	0.90%	1,506
2017	4,400,000	-	4,400,000	0.81%	1,360
2018	3,910,000	-	3,910,000	0.72%	1,206
2019	3,405,000	-	3,405,000	0.62%	962
2020	2,885,000	-	2,885,000	0.53%	817
2021	2,350,000	-	2,350,000	0.43%	672

Notes: Details regarding the district's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2020**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 363,212	100.00%	\$ 363,212
Regional High School	8,110,000	6.69%	542,891
County general obligation debt	90,647,955	2.56%	<u>2,321,043</u>
Subtotal, overlapping debt			3,227,147
School District direct debt			<u>2,885,000</u>
Total direct and overlapping debt			<u><u>\$ 6,112,147</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. 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 municipality. 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 Governmental Unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2021

		Equalized Valuation Basis
	2020	\$ 542,975,551
	2019	562,856,152
	2018	565,664,273
		\$ 1,671,495,976
Average equalized valuation of taxable property		\$ 557,165,325
Debt limit (3.0% of average equalization value)	(a)	\$ 16,714,960
Total net debt applicable to limit		2,350,000
Legal debt margin		\$ 14,364,960

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt limit	\$ 16,538,433	\$ 16,750,287	\$ 16,883,054	\$ 17,013,504	\$ 16,714,960
Total net debt applicable	4,400,000	3,910,000	3,405,000	2,885,000	2,350,000
Legal debt margin	\$ 12,138,433	\$ 12,840,287	\$ 13,478,054	\$ 14,128,504	\$ 14,364,960
Total net debt applicable to the limit as a percentage of debt limit	26.60%	23.34%	20.17%	16.96%	14.06%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 17,697,304	\$ 17,252,866	\$ 17,243,116	\$ 16,847,721	\$ 16,836,026
Total net debt applicable	6,761,747	6,225,000	5,775,000	5,335,000	4,875,000
Legal debt margin	\$ 10,935,557	\$ 11,027,866	\$ 11,468,116	\$ 11,512,721	\$ 11,961,026
Total net debt applicable to the limit as a percentage of debt limit	38.21%	36.08%	33.49%	31.67%	28.96%

Source: Equalized Valuation Basis were obtained from the Annual Report of the State of New Jersey  
Department of Treasury, Division of Taxation.

(a) Limit Set by N.J.S.A. 18A:24-19.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2012	3,265	\$ 234,871,040	\$ 71,936	6.7%
2013	3,259	245,203,901	75,239	6.7%
2014	3,228	242,277,540	75,055	5.2%
2015	3,237	254,347,275	78,575	3.3%
2016	3,235	262,106,170	81,022	3.0%
2017	3,241	271,404,581	83,741	2.9%
2018	3,539	300,928,248	85,032	3.0%
2019	3,530	312,634,450	88,565	2.4%
2020	3,499	322,926,209	92,291	5.5%
2021	N/A	N/A	N/A	N/A

## Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
Principal Employers  
Current Year and Nine Years Ago**

2021

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2012

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Full Time Equivalent District Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	19.2	20.8	22.4	25.0	26.0	24.0	24.0	24.0	23.0	25.0
Special education	6.8	5.6	5.6	3.0	3.0	3.0	4.5	4.0	5.0	6.0
Other special education	8.5	11.7	-	-	1.4	2.0	1.0	-	0.2	0.2
Other instruction - aides	-	3.0	1.5	1.1	-	-	1.0	0.4	1.7	1.0
Support services										
Student and instruction related services	3.4	3.4	3.0	3.0	2.0	2.0	2.5	3.0	2.0	2.0
General administration	1.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
School administration services	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Central services	1.0	1.1	1.1	1.1	2.0	2.0	2.0	2.0	2.0	2.0
Other support services	-	2.0	2.0	2.0	4.0	4.0	2.5	6.0	5.6	5.8
Food service	-	0.3	-	-	-	-	-	-	-	-
Child care	0.5	0.5	0.5	0.5	-	-	-	-	-	-
Total	<u>42.1</u>	<u>51.4</u>	<u>39.1</u>	<u>38.7</u>	<u>41.4</u>	<u>40.0</u>	<u>41.5</u>	<u>43.4</u>	<u>42.5</u>	<u>45.0</u>

Source: District Personnel Records

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>June 30 Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff ( b)</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) ( c)</u>	<u>Average Daily Attendance (ADA) ( c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2012	305	\$ 5,436,662	\$ 17,825	3.15%	27.5	1 to 11.09	296.9	286.1	-2.40%	96.36%
2013	293	5,893,400	20,114	12.84%	26.4	1 to 11.10	283.8	272.7	-4.41%	96.09%
2014	295	5,996,863	20,328	1.06%	28.0	1 to 10.54	294.9	284.0	3.91%	96.30%
2015	306	5,791,148	18,925	-6.90%	28.6	1 to 10.70	294.7	284.2	-0.07%	96.44%
2016	296	6,279,651	21,215	12.10%	26.0	1 to 11.38	292.7	281.9	-0.68%	96.32%
2017	296	6,672,409	22,542	6.26%	27.0	1 to 10.96	283.9	273.4	-3.01%	96.30%
2018	298	6,410,048	21,510	-4.58%	28.5	1 to 10.46	284.8	274.3	0.30%	96.31%
2019	283	6,933,995	24,502	13.91%	28.0	1 to 10.11	278.2	268.1	-2.30%	96.37%
2020	278	6,627,666	23,841	-2.70%	28.0	1 to 9.93	282.0	274.2	1.35%	97.25%
2021	262	6,801,704	25,961	8.89%	31.0	1 to 8.45	250.0	244.5	-11.34%	97.82%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

District Building	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Elementary (1925)</b>										
Square feet	52,142	71,296	71,296	71,296	71,296	71,296	71,296	71,296	71,296	71,296
Capacity (students)	346	446	448	448	448	448	448	448	448	448
Enrollment	309	305	293	295	306	294	285	282	282	252

Number of schools at June 30, 2021	
Elementary	1

Source: District Facilities Office

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Required Maintenance Expenditures by School Facility**  
**Last Ten Fiscal Years**

Undistributed expenditures - Required maintenance for school facilities

<u>Fiscal Year Ended</u>	<u>Amount</u>
2012	\$ 68,662
2013	53,294
2014	89,143
2015	88,228
2016	63,276
2017	209,497
2018	206,382
2019	254,199
2020	253,773
2021	186,700
Total school facilities	<u>\$ 1,473,154</u>

\* 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

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2021**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - School Alliance Insurance Fund		
Property Section		
Blanket Building and Contents (Fund Aggregate)	\$ 50,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Cyber Liability	2,000,000	10,000
Liability Section		
Comprehensive General Liability	5,000,000	-
Automobile Liability	5,000,000	-
Employee Benefit Liability	5,000,000	1,000
Excess Liability		
Includes General/Auto Liability/School Board Legal Liability	5,000,000	-
Crime		
Blanket Employee Dishonesty	400,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction:		
Inside & Outside	2,500,000	1,000
Computer Fraud	50,000	1,000
Critical Incident Management	250,000	1,000
School Board Legal Liability	5,000,000	5,000
Environmental Pollution Impairment Liability (ACE)		
Incident	1,000,000	10,000
Pool Aggregate	2,000,000	10,000
Workers' Compensation (SAW)		
(A) Statutory Benefits	Included	-
(A) Employer's Liability	5,000,000	-
Supplemental coverage (optional)	Included	-
Public Employees' Faithful Performance Blanket Position Bond - Selective Insurance Co.		
Business Administrator - P Martucci	200,000	-
Adult Volunteer Accident - Markel Insurance Co.		
Excess of Primary Medical	1,000,000	-

Source: District records

See independent auditors' report.

**SINGLE AUDIT SECTION**



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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**Independent Auditors' 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 Hunterdon, 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, and the aggregate remaining fund information of the Franklin Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 22, 2022.

Internal Control over Financial Reporting

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

#### Compliance and Other Matters

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA  
NO. 20CS00265600

February 22, 2022  
Flemington, New Jersey



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**Independent Auditors' 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-OMB**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Franklin Township School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2021. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the OMB 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 District's compliance.

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

In our opinion, the 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 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA  
NO. 20CS00265600

February 22, 2022  
Flemington, New Jersey

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2021**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/20	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/Repayment	Balance June 30, 2021		
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education Special Revenue Fund														
Special education cluster (IDEA)														
IDEA Basic	84.027	H027A200100	IDEA-1600-21	\$ 84,913	07/01/20	06/30/21	\$ -	\$ -	\$ 64,275	\$ 64,204	\$ -	\$ -	\$ 71	\$ -
IDEA Basic	84.027	H027A190100	IDEA-1600-20	77,215	07/01/19	06/30/20	-	-	-	-	567	-	567	-
IDEA Basic	84.027	H027A180100	IDEA-1600-19	111,110	07/01/18	06/30/19	85	-	-	-	-	-	85	-
IDEA Preschool	84.173	H173S200114	IDEA-1600-21	4,582	07/01/20	06/30/21	-	-	4,582	4,582	-	-	-	-
IDEA Preschool	84.173	H173S170114	IDEA-1600-18	4,425	07/01/17	06/30/18	6	-	-	-	-	-	6	-
Total special education cluster (IDEA)							91	-	68,857	68,786	567	-	729	-
Title I A	84.010A	S010A200030	ESSA-1600-21	21,093	07/01/20	06/30/21	-	-	21,093	21,093	-	-	-	-
Title II A	84.367A	S367A200029	ESSA-1600-21	5,567	07/01/20	06/30/21	-	-	3,909	3,909	-	-	-	-
Rural Education Achievement Program	84.358A	S358B200030	S358A-190135	29,472	07/01/20	06/30/21	-	-	29,472	29,472	-	-	-	-
CARES Emergency Relief	84.425	S425D200027	CARES-1600-22	8,290	03/13/20	09/30/22	-	-	8,290	8,290	-	-	-	-
Coronavirus Relief Fund	84.425	S425D200027	CARES-1600-21	7,718	07/01/20	06/30/21	-	-	5,617	5,617	-	-	-	-
Total Special Revenue Fund							91	-	137,238	137,167	567	-	729	-
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund														
Child Nutrition Cluster														
National School Lunch Program Non-Cash Assistance (Commodities)	10.555	21NJ304N1099	N/A	3,903	10/01/20	09/30/21	-	-	3,903	2,536	-	-	1,367	-
National School Lunch Program Non-Cash Assistance (Commodities)	10.555	20NJ304N1099	N/A	5,418	10/01/19	09/30/20	1,227	-	-	1,227	-	-	-	-
National School Lunch Program Cash Assistance	10.555	21NJ304N1099	N/A	29,095	10/01/20	09/30/21	-	-	25,474	29,095	-	(3,621)	-	-
National School Lunch Program Cash Assistance	10.555	20NJ304N1099	N/A	8,809	10/01/19	09/30/20	(666)	-	666	-	-	-	-	-
National School Breakfast Program	10.555	21NJ304N1099	N/A	12,338	10/01/20	09/30/21	-	-	10,427	12,338	-	(1,911)	-	-
Total Enterprise Fund							561	-	40,470	45,196	-	(5,532)	1,367	-
Total Federal Awards							\$ 652	\$ -	\$ 177,708	\$ 182,363	\$ 567	\$ (5,532)	\$ 2,096	\$ -

See independent auditors' report

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2021**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Adjustment/Repayment	Balance June 30, 2021			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	21-495-034-5120-089	\$ 217,295	07/01/20	06/30/21	\$ -	\$ -	\$ 202,689	\$ 217,295	\$ -	\$ -	\$ -	\$ -	\$ 14,606	\$ 217,295
School Choice Aid	21-495-034-5120-068	78,793	07/01/20	06/30/21	-	-	73,496	78,793	-	-	-	-	5,297	78,793
Security Aid	21-495-034-5120-084	16,949	07/01/20	06/30/21	-	-	15,810	16,949	-	-	-	-	1,139	16,949
Transportation Aid	21-495-034-5120-014	49,027	07/01/20	06/30/21	-	-	45,732	49,027	-	-	-	-	3,295	49,027
Adjustment Aid	21-495-034-5120-085	2,057	07/01/20	06/30/21	-	-	1,920	2,057	-	-	-	-	137	2,057
Extraordinary Aid	20-495-034-5120-044	183,842	07/01/19	06/30/20	(167,104)	-	183,842	16,738	-	-	-	-	-	183,842
Extraordinary Aid	21-495-034-5120-044	286,010	07/01/20	06/30/21	-	-	-	286,010	-	(286,010)	-	-	-	286,010
Non-Public Transportation Aid	21-495-034-5120-014	2,320	07/01/20	06/30/21	-	-	-	2,320	-	(2,320)	-	-	-	2,320
On-Behalf TPAF Pension Contribution - Postretirement Medical	21-495-034-5094-001	199,655	07/01/20	06/30/21	-	-	199,655	199,655	-	-	-	-	-	199,655
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004	11,895	07/01/20	06/30/21	-	-	11,895	11,895	-	-	-	-	-	11,895
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Func	21-495-034-5094-002	625,199	07/01/20	06/30/21	-	-	625,199	625,199	-	-	-	-	-	625,199
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004	449	07/01/20	06/30/21	-	-	449	449	-	-	-	-	-	449
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	160,438	07/01/20	06/30/21	-	-	160,438	160,438	-	-	-	-	-	160,438
<b>Total General Fund</b>					<b>(167,104)</b>	<b>-</b>	<b>1,521,125</b>	<b>1,666,825</b>	<b>-</b>	<b>(288,330)</b>	<b>-</b>	<b>-</b>	<b>24,474</b>	<b>1,833,929</b>
Special Revenue Fund														
Non-Public Technology Initiative Aid	20-100-034-5120-373	3,204	07/01/19	06/30/20	-	211	-	-	211	-	-	-	-	2,993
Non-Public Textbook Aid	21-100-034-5120-064	5,926	07/01/20	06/30/21	-	-	5,926	-	5,926	-	-	-	-	-
Non-Public Auxiliary Services Aid - English as a Second Language	20-100-034-5120-067	8,923	07/01/19	06/30/20	(892)	2,433	892	-	2,433	-	-	-	-	6,490
Non-Public Handicapped Aid - Examination and Classification	20-100-034-5120-066	10,405	07/01/19	06/30/20	(1,272)	1,672	1,272	-	1,672	-	-	-	-	8,733
Corrective Speech	20-100-034-5120-066	1,458	07/01/19	06/30/20	(15)	547	15	-	547	-	-	-	-	911
<b>Total Special Revenue Fund</b>					<b>(2,179)</b>	<b>4,863</b>	<b>8,105</b>	<b>-</b>	<b>10,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,127</b>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B (continued)**  
**For the Fiscal Year Ended June 30, 2021**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2021			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	20-100-010-3350-023	\$ 473	07/01/19	06/30/20	\$ (9)	\$ -	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 473
State School Lunch Program	21-100-010-3350-023	1,604	07/01/20	06/30/21	-	-	1,348	1,604	-	(256)	-	-	-	1,604
Total Enterprise Fund					<u>(9)</u>	<u>-</u>	<u>1,357</u>	<u>1,604</u>	<u>-</u>	<u>(256)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,077</u>
Total State Financial Assistance					<u>\$ (169,292)</u>	<u>\$ 4,863</u>	<u>\$ 1,530,587</u>	<u>1,668,429</u>	<u>\$ 10,789</u>	<u>\$ (288,586)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,474</u>	<u>\$ 1,855,133</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution -														
Teachers' Pension & Annuity Fund	21-495-034-5094-002							625,199						
On-Behalf TPAF Pension Contribution -														
Non-Contributory Insurance	21-495-034-5094-004							11,895						
On-Behalf TPAF Pension Contribution -														
Postretirement Medical	21-495-034-5094-001							199,655						
On-Behalf TPAF Pension Contribution -														
Long-Term Disability Insurance	21-495-034-5094-004							449						
Total for State Financial Assistance - Major Program Determination								<u>\$ 831,231</u>						

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2021**

Note 1 - General

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 Franklin Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance 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 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

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

The general fund is presented in the accompanying schedules on 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 budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,046 for the general fund and \$71 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2021**

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Local	Total
General fund	\$ -	\$ 1,673,871	\$ -	\$ 1,673,871
Special revenue fund	137,238	-	4,702	141,940
Food service fund	45,196	1,604	-	46,800
Total awards and financial assistance	<u>\$ 182,434</u>	<u>\$ 1,675,475</u>	<u>\$ 4,702</u>	<u>\$ 1,862,611</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 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2021. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2021.

Note 6 - Indirect Costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**FRANKLIN TOWNSHIP 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. Were material weakness(es) identified?  Yes  No

2. Were significant deficiencies identified?  Yes  No

Noncompliance material to basic financial statements noted?

Yes  No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified?  Yes  No

2. Were significant deficiencies identified?  Yes  None reported

What was the type of auditor's report issued on compliance for major programs?

Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?

Yes  No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs?

\_\_\_\_\_

Did the auditee qualify as a low-risk auditee?

Yes  No

**FRANKLIN TOWNSHIP 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 Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee?  Yes  No

Internal Control Over Major Programs:

1. Were material weakness(es) identified?  Yes  No
2. Were there significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable?  Yes  No

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
	<i>State Aid Public Cluster:</i>
<i>21-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>21-495-034-5120-084</i>	<i>Security Aid</i>
<i>21-495-034-5120-068</i>	<i>School Choice Aid</i>
<i>21-495-034-5120-085</i>	<i>Adjustment Aid</i>
<i>21-495-034-5094-003</i>	<i>Reimbursed TPAF Social Security Contribution</i>

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2021.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the fiscal year ended June 30, 2021.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2021**

Status of Prior Year Findings

There were no prior year findings or questioned costs.