

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Somerset, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Franklin Township Public Schools

Somerset, New Jersey

For The Fiscal Year Ended June 30, 2021

Prepared by

Business Office

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INTRODUCTORY SECTION

Franklin Township Board of Education

2301 Route 27
Somerset, NJ 08873

JONATHAN TOTH
ASSISTANT SUPERINTENDENT FOR BUSINESS
SCHOOL BOARD SECRETARY

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

February 5, 2022

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

Dear Board Members and Constituents of Franklin Township:

The Comprehensive Annual Financial Report (CAFR) of the Franklin Township School District (District) for the fiscal year ended June 30, 2021 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

REPORTING ENTITY AND ITS SERVICES

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

The Franklin Township Public School District is a Pre-K-12 educational system, comprising ten (10) schools, approximately 7,500 students, and approximately one thousand two hundred (1,200) staff. In addition, the budget supports approximately 1,200 Charter School Students. The district provides transportation services to 420 non-public students and aid-in-lieu payments to 580 non-public students.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

MAJOR BUILDING PROJECTS/RENOVATIONS 2020-2021

The status of major capital projects and/or renovations for the 2020-2021 school year is as follows:

- District Security Camera Upgrades \$250,000 *Complete*
- Secure Vestibules at Franklin Park and Hillcrest Schools \$500,000 *Complete*
- Franklin High School Turf & Track Renovation \$950,000 *Complete*
- District Paving, Concrete and Flooring \$960,000 *Complete*

UPDATE ON REFERENDUM PROJECTS

The status of December 2014 referendum capital projects for 2020-2021 school year are as follows:

All projects are completed.

MAJOR ACCOMPLISHMENTS

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

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

- Engaging in Culturally and Linguistically Responsive Pedagogy Training.
- Developing and implementing a robust anti-racism policy.
- Preparing for the return to a more routine in-person instructional delivery format, following the creation and use of a pandemic-driven hybrid instructional model that offered a virtual learning environment, affording students synchronous and asynchronous learning opportunities aligned to district- approved curriculum and NJ Student Learning Standards.
- Creating innovative learning opportunities, such as a new Health Professions Academy, a partnership program with Rutgers University's School of Health Professions. This program allows students to earn credits towards various certificated programs at Rutgers and other colleges and universities. In addition, dance instruction is available to students at all grade levels, K-12. In Grades 4 and 5, a "voice and choice" enrichment program is offered to students via Student College courses.
- Similarly, a Bridges to Employment Program has been a successful addition to FHS in the past two years, in which students received career training and exposure to various STEM opportunities.
- Creating secondary level CTE programs in the area of Television Production, Dance, and Technology. This year, a new coordinator has been named, and additional resources allocated to enhance programming that is already in place.
- Building on an "Honors for All" pilot so that students can earn Honors credits within their social studies classes at the middle school level.
- Offering innovative extracurricular activities include morning clubs at all elementary schools and a new "Aviation Club" to students at FHS that enables them to pursue and earn a pilot's license while attending high school. Last year, six students began their in-air flight lessons, and one student has already earned her pilot's license as a result of this work.
- Achieving Future Ready certification for ten district schools. Receiving the Future Ready Schools distinction is an honor that indicates each school's clearly articulated vision for the strategic incorporation of technology in teaching and learning.
- Achieving Bronze Level Certification recognition for two district schools through participation in the Sustainable New Jersey Program.
- Earning a High Performing School District designation by the NJDOE as a result of the district's most recent NJQSAC review.

- Receiving an NJDOE Model Program designation for the English Language Learner and Bilingual programs in the district's schools.
- Receiving outstanding recognition for its Fine, Visual, and Performing Arts program and its work with social-emotional learning opportunities via PBSIS and various mentoring programs throughout the district.
- Offering one of the most comprehensive K-12 financial literacy curricula in the state, which has gained FTPS recognition by Junior Achievement of New Jersey. This program includes visits from high school students to all district schools in Grades K-8, for which they teach financial literacy lessons. It also allows local and national business leaders to teach literacy lessons to our students. Not coincidentally, a number of our students have won prestigious national financial literacy contests.
- Increasing and diversifying enrollment in advanced level courses while maintaining achievement in those same courses as a result of partnering with Equal Opportunity School (EOS). The district also has been recognized in recent years for being placed on the College Board's Annual AP District Honor Roll for increasing access to Advanced Placement courses for a broader number of students while simultaneously maintaining or improving the rate at which the AP students earned scores of 3 or higher. However, the district firmly believes its work with EOS will further accomplishment in this area.
- Reinstating and expanding a rigorous Gifted and Talented program for our students, with plans for further equitable enrollment in GATE courses during the 2022-2023 school year.
- Recent PEA and PEEA Grants allowed the district to open up PK to three-year-old typical students.

ANNUAL STANDARDIZED TESTING REPORT

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

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

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

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

RELEVANT FINANCIAL POLICIES

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

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

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

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

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

LONG-TERM FINANCIAL PLANNING

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

The following 2020-2021 Budget Goals were adopted by the Board and used to guide the budget development process:

1. To support the District programs the Board will utilize its 2% spending growth limit and NJDOE-authorized budgetary spending growth adjustments.
2. Anticipate the utilization of any unspent 2019-2020 general fund budget and allocate those funds to support the District's Long-Range Facilities Plan and Safety/Security needs.

3. To support the continuation and equitable growth of FTPS Specialized programs to support all students, including the expansion of Early Childhood, Career and Technical Education, Academy, Enrichment/Honors/Advanced Placement, Transitional, Special Education, ESL/Bilingual, AIS, and STEAM programs.
4. To support the continued professional development of staff, especially in the areas of social-emotional learning, culturally responsive instruction, technology, and content specialization.

After State approval of the proposed budget, on April 29, 2021 the Board unanimously adopted the 2021-22 budget. The General Fund Tax Levy increased by 2.00% and the total operating budget increased by 2.72 %. The Debt Service Budget decreased by 1.44%.

INDEPENDENT AUDIT

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

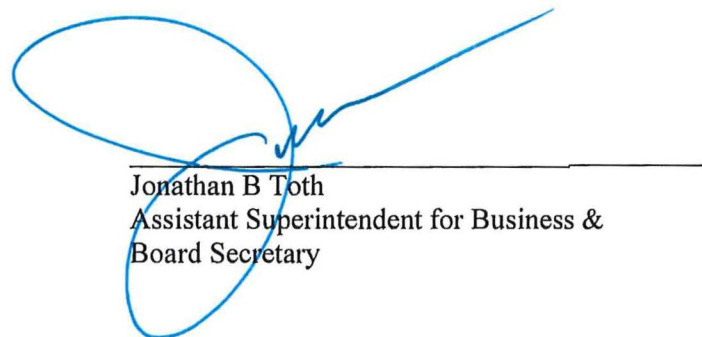
ACKNOWLEDGEMENTS

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

Respectfully submitted,

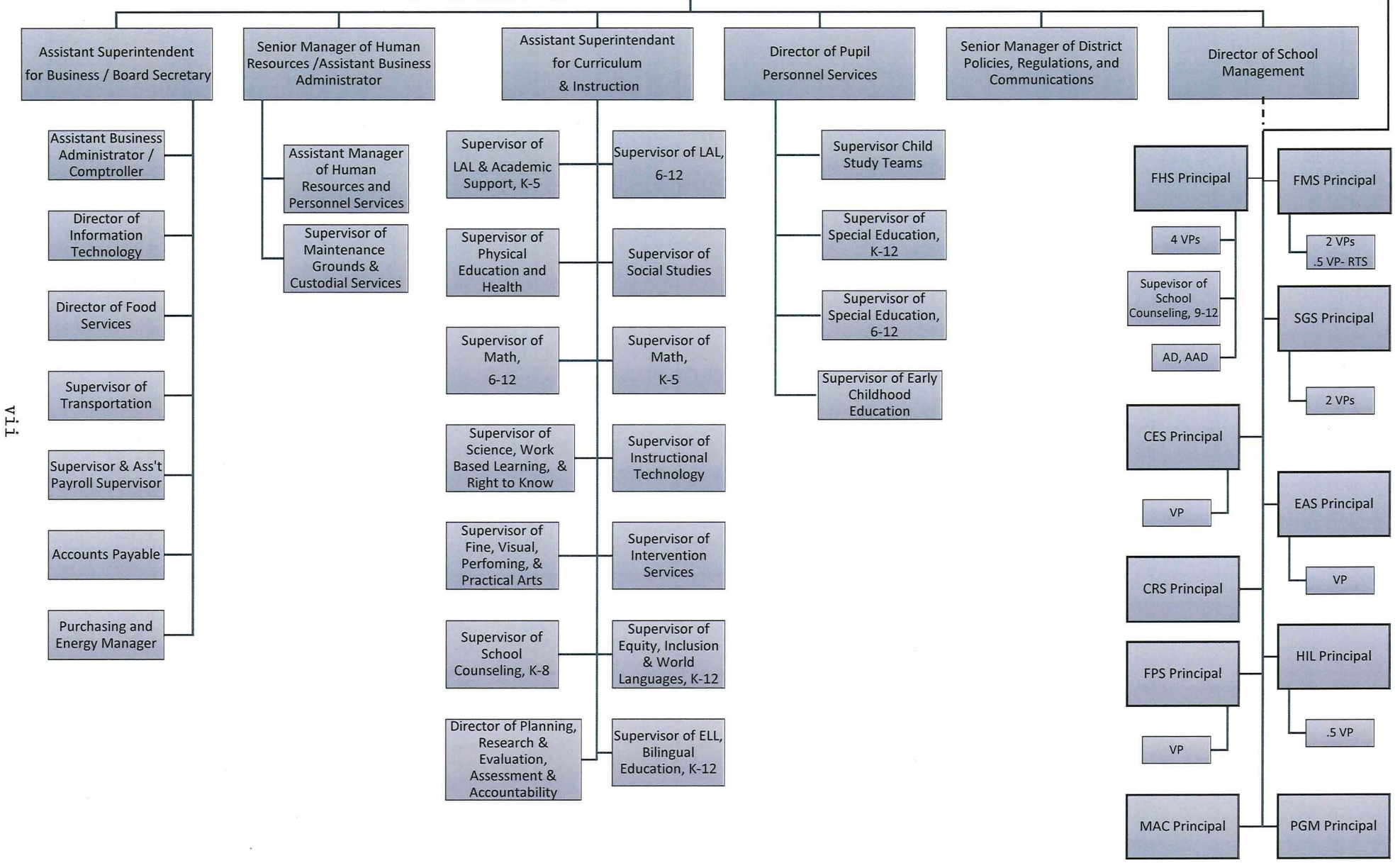


Dr. John Ravally
Superintendent of Schools



Jonathan B Toth
Assistant Superintendent for Business &
Board Secretary

Superintendent of Schools



T.T.I.

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Somerset, New Jersey

ROSTER OF OFFICIALS
June 30, 2021

Members of the Board of Education	Term Expires
Nancy Lacorte, President	2022
Ardaman Singh, Vice President	2022
Dr. Michael Smith	2023
Laurie Merris	2024
Ed Potosnak	2021
Patricia Stanley	2021
Walter Jackson	2022
Nishita Desai	2023
William Grippo	2023

Other Officials

Dr. John Ravally, Superintendent of Schools
Jonathan Toth, Supt. for Business/Board Secretary
Luis Valencia, Treasurer

FRANKLIN TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors

Architect

SSP Architects
50 Division Street, Suite 503
Somerville, NJ 08876

Audit Firm

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

Attorney

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

Capehart & Scatchard, P.A.
8000 Midlantic Dr,
Mt Laurel Township, NJ 08054

Official Depositories

First Bank
First Bank, 225 Demott Ln,
Somerset, NJ 08873

TD Bank
3221 Route 27
Franklin Park, NJ 08823

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the Franklin Township Public Schools adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2022 on our consideration of the Franklin Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Franklin Township Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Franklin Township Public Schools' internal control over financial reporting and compliance.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 5, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

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

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- The assets and deferred outflows of resources of the Franklin Township Public Schools exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$29,866,004 (net position).
- Overall revenues were \$229,668,149. General revenues accounted for \$159,926,560 or 70% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$69,741,589 or 30% of total revenues.
- The school district had \$213,476,008 in expenses for governmental activities; only \$65,963,224 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$159,923,097 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$28,920,230.
- The General Fund fund balance at June 30, 2021 was \$24,982,789 an increase of \$4,426,734 when compared with the restated beginning balance at July 1, 2020 of \$20,556,055.

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

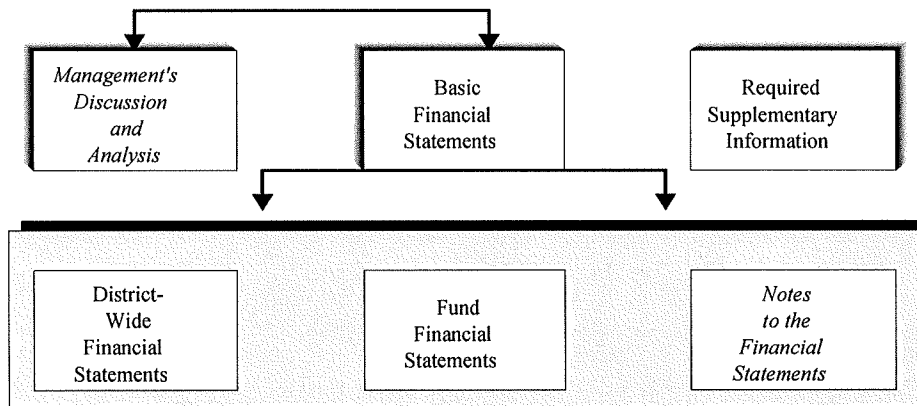
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

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

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Financial Statements

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

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

District-Wide Financial Statements (continued)

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Fund Financial Statements (continued)

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

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

Notes to the Financial Statements

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

Other Information

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,866,004 and \$16,772,333 as of June 30, 2021 and June 30, 2020 as restated, respectively.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

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

**Net Position
June 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u> (Restated)	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u> (Restated)
Assets						
Current Assets	\$ 41,000,449	\$ 37,707,533	\$ 2,629,270	\$ 1,923,455	\$ 43,629,719	\$ 39,630,988
Capital Assets, Net	<u>139,133,539</u>	<u>136,659,677</u>	<u>710,768</u>	<u>757,576</u>	<u>139,844,307</u>	<u>137,417,253</u>
Total Assets	<u>180,133,988</u>	<u>174,367,210</u>	<u>3,340,038</u>	<u>2,681,031</u>	<u>183,474,026</u>	<u>177,048,241</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	432,897	660,422			432,897	660,422
Deferred Amounts on Net Pension Liability	<u>5,695,333</u>	<u>6,460,691</u>	<u>72,677</u>	<u>82,173</u>	<u>5,768,010</u>	<u>6,542,864</u>
Total Deferred Outflows of Resources	<u>6,128,230</u>	<u>7,121,113</u>	<u>72,677</u>	<u>82,173</u>	<u>6,200,907</u>	<u>7,203,286</u>
Total Assets and Deferred Outflows of Resources	<u>186,262,218</u>	<u>181,488,323</u>	<u>3,412,715</u>	<u>2,763,204</u>	<u>189,674,933</u>	<u>184,251,527</u>
Liabilities						
Long-Term Liabilities	128,996,291	138,708,218	480,229	511,744	129,476,520	139,219,962
Other Liabilities	<u>13,138,544</u>	<u>11,637,080</u>	<u>229,278</u>	<u>239,234</u>	<u>13,367,822</u>	<u>11,876,314</u>
Total Liabilities	<u>142,134,835</u>	<u>150,345,298</u>	<u>709,507</u>	<u>750,978</u>	<u>142,844,342</u>	<u>151,096,276</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			14,837	15,216	14,837	15,216
Deferred Amounts on Net Pension Liability	<u>16,736,183</u>	<u>16,162,138</u>	<u>213,567</u>	<u>205,564</u>	<u>16,949,750</u>	<u>16,367,702</u>
Total Deferred Inflows of Resources	<u>16,736,183</u>	<u>16,162,138</u>	<u>228,404</u>	<u>220,780</u>	<u>16,964,587</u>	<u>16,382,918</u>
Total Liabilities and Deferred Inflows of Resources	<u>158,871,018</u>	<u>166,507,436</u>	<u>937,911</u>	<u>971,758</u>	<u>159,808,929</u>	<u>167,479,194</u>
Net Position						
Net Investment in Capital Assets	57,367,427	50,024,411	710,768	757,576	58,078,195	50,781,987
Restricted	17,354,981	17,028,496			17,354,981	17,028,496
Unrestricted	<u>(47,331,208)</u>	<u>(52,072,020)</u>	<u>1,764,036</u>	<u>1,033,870</u>	<u>(45,567,172)</u>	<u>(51,038,150)</u>
Total Net Position	<u>\$ 27,391,200</u>	<u>\$ 14,980,887</u>	<u>\$ 2,474,804</u>	<u>\$ 1,791,446</u>	<u>\$ 29,866,004</u>	<u>\$ 16,772,333</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

**Changes in Net Position
For The Fiscal Years Ended June 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program Revenues						
Charges for Services	\$ 291,129	\$ 295,391	\$ 1,029,688	\$ 1,444,274	\$ 1,320,817	\$ 1,739,665
Operating Grants and Contributions	65,649,610	49,031,286	2,748,677	2,005,576	68,398,287	51,036,862
Capital Grants and Contributions	22,485	214,128			22,485	214,128
General Revenues						
Property Taxes	153,073,384	149,138,119			153,073,384	149,138,119
State Aid	6,178,020	6,175,145			6,178,020	6,175,145
Other	671,693	1,162,580	3,463	22,414	675,156	1,184,994
	<u>225,886,321</u>	<u>206,016,649</u>	<u>3,781,828</u>	<u>3,472,264</u>	<u>229,668,149</u>	<u>209,488,913</u>
Expenses						
Instruction						
Regular	89,174,956	80,580,044			89,174,956	80,580,044
Special Education	37,280,395	32,483,731			37,280,395	32,483,731
Vocational Education-Tuition	209,766	259,942			209,766	259,942
School Sponsored Activities and Athletics	2,312,953	2,316,645			2,312,953	2,316,645
Other Instruction	9,368,249	8,602,534			9,368,249	8,602,534
Support Services						
Student and Instruction Related Services	24,315,008	24,335,526			24,315,008	24,335,526
School Administrative Services	10,323,389	9,556,210			10,323,389	9,556,210
General Administrative Services	2,860,450	2,912,838			2,860,450	2,912,838
Plant Operations and Maintenance	19,522,304	19,755,230			19,522,304	19,755,230
Pupil Transportation	11,374,087	12,764,018			11,374,087	12,764,018
Business and Other Support Services	4,222,529	2,963,546			4,222,529	2,963,546
Interest on Long-Term Debt	2,511,922	3,088,036			2,511,922	3,088,036
Food Service			2,847,126	3,087,479	2,847,126	3,087,479
Other-Business Activities	-	-	251,344	398,804	251,344	398,804
	<u>213,476,008</u>	<u>199,618,300</u>	<u>3,098,470</u>	<u>3,486,283</u>	<u>216,574,478</u>	<u>203,104,583</u>
Increase/(Decrease) in Net Position	<u>12,410,313</u>	<u>6,398,349</u>	<u>683,358</u>	<u>(14,019)</u>	<u>13,093,671</u>	<u>6,384,330</u>
Change in Net Position	12,410,313	6,398,349	683,358	(14,019)	13,093,671	6,384,330
Net Position, Beginning of Year	14,980,887	7,010,406	1,791,446	1,805,465	16,772,333	8,815,871
Prior Period Adjustment	-	1,572,132	-	-	-	1,572,132
Net Position, End of Year	<u>\$ 27,391,200</u>	<u>\$ 14,980,887</u>	<u>\$ 2,474,804</u>	<u>\$ 1,791,446</u>	<u>\$ 29,866,004</u>	<u>\$ 16,772,333</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$225,886,321 and \$206,016,649 for the fiscal years ended June 30, 2021 and June 30, 2020, respectively. Property taxes of \$153,073,384 and \$149,138,119 represented 68% and 72% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$71,997,865 and \$55,206,431 which was represented 32% and 27% of the revenues for fiscal years ended June 30, 2021 and 2020, respectively. The significant decrease in this revenue type is attributable to the adjustment to the On-Behalf other post-employment benefit (OPEB) contribution to recognize the actuarially determined amount that was contributed on behalf of the District. This adjustment which affects both the revenues and expenses of the governmental activities was \$14,330,514 for the fiscal year ended June 30, 2021 compared to \$2,873,440 for the fiscal year ended June 30, 2020. The District also had \$22,485 and \$214,128 of capital grants and contributions for the fiscal years ended June 30, 2021 and 2020, respectively. The balance of revenues for fiscal year June 30, 2021 and 2020, respectively is charges for tuition (\$138,399 and \$283,417), charges for school sponsored activities and athletics (\$147,750), charges for rentals (\$4,980 and \$11,974) and miscellaneous income (\$671,693 and \$1,162,580) which includes items such as investment earnings, prior year refunds, etc.

The total cost of all governmental activities programs and services was \$213,476,008 and \$199,618,300. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$138,346,319 and \$124,242,896 (65% and 62%) of total expenses, respectively. Student and Instruction Related Services totaled \$24,315,008 and \$24,335,526 or (12% and 12%) of total expenses. Plant operations and maintenance services totaled \$19,522,304 and \$19,755,230 (9% and 10%) of total expenses. Pupil Transportation total \$11,374,087 and \$12,764,018 or (5% and 7%) of total expenses. Administrative services were \$17,406,368 and \$15,432,594 or (8% and 7%) of total expenses. Interest on Long-Term Debt totaled \$2,511,922 and \$3,088,036 or (1% and 2%) of total expenses.

Total governmental activities revenues exceeded expenses resulting in net position increasing \$12,410,313 from the previous year.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Total and Net Cost of Governmental Activities. The District's total cost of services was \$213,476,008 and \$199,618,300 for the fiscal years ended June 30, 2021 and 2020. After applying program revenues, derived from charges for services of \$291,129 and \$295,391, and operating grants and contributions of \$65,649,610 and \$49,031,286, and capital grants and contributions of \$22,485 and \$214,128, the net cost of services of the District is \$147,512,784 and \$150,077,495, respectively

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2021 and 2020**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction				
Regular	\$ 89,174,956	\$ 80,580,044	\$ 62,203,600	\$ 58,961,888
Special Education	37,280,395	32,483,731	15,717,573	16,348,271
Vocational Education-Tuition	209,766	259,942	209,766	259,942
School Sponsored Activities and Athletics	2,312,953	2,316,645	1,369,097	1,724,680
Other Instruction	9,368,249	8,602,534	5,927,072	6,044,898
Support Services				
Student and Instruction Related Services	24,315,008	24,335,526	20,229,555	21,791,797
School Administrative Services	10,323,389	9,556,210	7,643,660	7,874,097
General Administrative Services	2,860,450	2,912,838	2,708,250	2,886,212
Plant Operations and Maintenance	19,522,304	19,755,230	16,680,715	17,680,802
Pupil Transportation	11,374,087	12,764,018	8,966,715	10,985,240
Business and Other Support Services	4,222,529	2,963,546	3,813,433	2,901,841
Interest on Long-Term Debt	<u>2,511,922</u>	<u>3,088,036</u>	<u>2,043,348</u>	<u>2,617,827</u>
Total	<u>\$ 213,476,008</u>	<u>\$ 199,618,300</u>	<u>\$ 147,512,784</u>	<u>\$ 150,077,495</u>

Business-Type Activities – The District's total business-type activities revenues were \$3,781,828 and \$3,472,264 for the fiscal years ended June 30, 2021 and 2020, respectively. Charges for services accounted for 27% and 42% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$2,748,677 and \$2,005,576 accounted for 73% and 55% of total revenue for each of the fiscal years. The balance of the revenues, \$3,463 and \$22,414, respectively represents investment earnings.

The total cost of all business-type activities programs and services was \$3,098,470 and \$3,486,283 for the fiscal years ended June 30, 2021 and 2020. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of the C.A.R.E. program within the District.

Total business-type activities revenues exceeded expenses increasing net position by \$683,358 from the last year.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2021, its governmental funds reported a combined fund balance of \$28,920,230. At June 30, 2020, the restated fund balance was \$27,234,014.

Revenues and other financing sources for the District's governmental funds were \$210,961,463 while total expenditures and other financing uses were \$209,275,247 thereby increasing fund balance by \$1,686,216 for the fiscal year ended June 30, 2021.

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2021</u>	Fiscal Year Ended <u>June 30, 2020</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 145,192,531	\$ 141,128,111	\$ 4,064,420	3%
Interest	121,039	473,726	(352,687)	-74%
State/Federal Sources	41,487,008	36,180,130	5,306,878	15%
Miscellaneous	<u>688,496</u>	<u>918,811</u>	<u>(230,315)</u>	-25%
 Total General Fund Revenues	 <u>\$ 187,489,074</u>	 <u>\$ 178,700,778</u>	 <u>\$ 8,788,296</u>	 5%

Total General Fund Revenues increased by \$8,788,296 or 5% over the previous year.

Local property taxes increased 3% over the previous year. State and federal aid revenues increased \$5,306,878 or 15% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

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

Miscellaneous revenues decreased due to a decrease in E-Rate reimbursements in fiscal year end June 30, 2021 compared to the previous year.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2021</u>	Fiscal Year Ended <u>June 30, 2020</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 115,390,145	\$ 106,759,118	\$ 8,631,027	8%
Support and Undistributed Services	63,599,293	64,527,337	(928,044)	-1%
Capital Outlay	676,935	1,785,094	(1,108,159)	-62%
Debt Service	<u>1,125,701</u>	<u>1,439,276</u>	<u>(313,575)</u>	-22%
Total Expenditures	<u>\$ 180,792,074</u>	<u>\$ 174,510,825</u>	<u>\$ 6,281,249</u>	4%

Total General Fund expenditures increased \$6,281,249 or 4% from the previous year.

In 2020-2021, General Fund revenues and other financing sources exceeded expenditures and other uses sources by \$4,426,734. As a result, total fund balance increased to \$24,982,789 at June 30, 2021. After deducting transfers and reserves, the unrestricted, unassigned fund balance increased from \$577,727 at June 30, 2020 to a balance of \$3,623,344 at June 30, 2021.

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

Revenues of the Special Revenue Fund were \$9,749,118 for the fiscal year ended June 30, 2021. State sources accounted for the majority of Special Revenue Fund's revenue which represented 52% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$2,018,295 or 26% over the previous year. State sources increased \$432,291, Federal sources increased \$1,219,624 and local sources increased \$366,380.

Expenditures of the Special Revenue Fund were \$9,860,752. Instructional expenditures were \$9,418,267 or 96%. Expenditures for the support services were \$420,000 or 4% of total expended for the fiscal year ended June 30, 2021. The balance of expenditures, \$22,485 was for capital outlay.

Capital Projects - The capital projects revenues and other financing sources were less than expenditures and other financing uses by \$2,628,884 decreasing fund balance to \$4,284,329 at June 30, 2021. The decrease is primarily due to the expenditure of funds related to the referendum projects as well as various other capital projects.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Proprietary Funds

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Over the course of the year, the District revised the annual operating budget several times. These amendments were a result of implementing budgets for specially funded projects, which include both federal and state grants and reinstating prior year purchase orders being carried over.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$139,844,307 (net of accumulated depreciation). The capital assets consist of land improvements, buildings and building improvements, construction in progress, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2020-2021 amounted to \$4,402,442 for governmental activities and \$73,725 for business-type activities.

Capital Assets at June 30, 2021 and 2020
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 20,311,056	\$ 20,311,056			\$ 20,311,056	\$ 20,311,056
Construction in Progress	11,407,720	5,451,194			11,407,720	
Improvements Other Than Buildings	2,580,438	2,874,682			2,580,438	2,874,682
Building and Building Improvements	102,282,614	105,691,382			102,282,614	105,691,382
Machinery and Equipment	<u>2,551,711</u>	<u>2,331,363</u>	<u>\$ 710,768</u>	<u>\$ 757,576</u>	<u>3,262,479</u>	<u>3,088,939</u>
Total Capital Assets, Net	<u>\$ 139,133,539</u>	<u>\$ 136,659,677</u>	<u>\$ 710,768</u>	<u>\$ 757,576</u>	<u>\$ 139,844,307</u>	<u>\$ 131,966,059</u>

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

LONG TERM LIABILITIES

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$2,784,082 claims and judgments payable of \$1,375,979; bonds payable, including unamortized premium, of \$78,832,497, lease purchase agreements payable of \$8,370,579 and net pension liability of \$37,633,154. The District's long-term liabilities for the business-type activities consisted of net pension liability of \$480,229.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2021-2022 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, out of district tuition, tuition for charter schools, energy and employee related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 37,186,680	\$ 2,153,688	\$ 39,340,368
Receivables, net	3,702,536	415,149	4,117,685
Inventory		48,666	48,666
Internal Balances	(11,767)	11,767	
Restricted Cash with Fiscal Agents	123,000		123,000
Capital Assets			
Not Being Depreciated	31,718,776		31,718,776
Being Depreciated, Net	107,414,763	710,768	108,125,531
Total Assets	180,133,988	3,340,038	183,474,026
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	432,897		432,897
Deferred Amounts on Net Pension Liability	5,695,333	72,677	5,768,010
Total Deferred Outflows of Resources	6,128,230	72,677	6,200,907
Total Assets and Deferred Outflows of Resources	186,262,218	3,412,715	189,674,933
LIABILITIES			
Accounts Payable and Other Current Liabilities	8,235,119	132,007	8,367,126
Payable to Governments	22,378		22,378
Accrued Interest Payable	1,058,325		1,058,325
Unearned Revenue	3,822,722	97,271	3,919,993
Noncurrent Liabilities			
Due Within One Year	7,677,681		7,677,681
Due Beyond One Year	121,318,610	480,229	121,798,839
Total Liabilities	142,134,835	709,507	142,844,342
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		14,837	14,837
Deferred Amounts on Net Pension Liability	16,736,183	213,567	16,949,750
Total Deferred Inflows of Resources	16,736,183	228,404	16,964,587
Total Liabilities and Deferred Inflows of Resources	158,871,018	937,911	159,808,929
NET POSITION			
Net Investment in Capital Assets	57,367,427	710,768	58,078,195
Restricted for			
Capital Projects	12,761,305		12,761,305
Other	4,588,638		4,588,638
Debt Service	5,038		5,038
Unrestricted	(47,331,208)	1,764,036	(45,567,172)
Total Net Position	\$ 27,391,200	\$ 2,474,804	\$ 29,866,004

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Instruction							
Regular	\$ 89,174,956	\$ 138,399	\$ 26,810,472	\$ 22,485	\$ (62,203,600)		\$ (62,203,600)
Special Education	37,280,395		21,562,822		(15,717,573)		(15,717,573)
Vocational Education- Tuition	209,766				(209,766)		(209,766)
School Sponsored Activities and Athletics	2,312,953	147,750	796,106		(1,369,097)		(1,369,097)
Other Instruction	9,368,249		3,441,177		(5,927,072)		(5,927,072)
Support Services							
Student & Instruction Related Services	24,315,008		4,085,453		(20,229,555)		(20,229,555)
School Administrative Services	10,323,389		2,679,729		(7,643,660)		(7,643,660)
General Administrative Services	2,860,450		152,200		(2,708,250)		(2,708,250)
Plant Operations and Maintenance	19,522,304	4,980	2,836,609		(16,680,715)		(16,680,715)
Pupil Transportation	11,374,087		2,407,372		(8,966,715)		(8,966,715)
Business/Central & Other Support Services	4,222,529		409,096		(3,813,433)		(3,813,433)
Interest on Long-Term Debt	2,511,922	-	468,574	-	(2,043,348)	-	(2,043,348)
Total Governmental Activities	<u>213,476,008</u>	<u>291,129</u>	<u>65,649,610</u>	<u>22,485</u>	<u>(147,512,784)</u>	<u>-</u>	<u>(147,512,784)</u>
Business-Type Activities							
Food Service	2,847,126	938,734	2,748,677			\$ 840,285	840,285
C.A.R.E.	251,344	90,954	-	-	-	(160,390)	(160,390)
Total Business-Type Activities	<u>3,098,470</u>	<u>1,029,688</u>	<u>2,748,677</u>	<u>-</u>	<u>-</u>	<u>679,895</u>	<u>679,895</u>
Total Primary Government	<u>\$ 216,574,478</u>	<u>\$ 1,320,817</u>	<u>\$ 68,398,287</u>	<u>\$ 22,485</u>	<u>(147,512,784)</u>	<u>679,895</u>	<u>(146,832,889)</u>

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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried forward)	\$ (147,512,784)	\$ 679,895	\$ (146,832,889)
General Revenues			
Property Taxes			
Property Taxes, Levied for General Purposes	145,192,531		145,192,531
Taxes Levied for Debt Service	7,880,853		7,880,853
State Aid Unrestricted	6,178,020		6,178,020
Investment Earnings	126,576	3,463	130,039
Miscellaneous Income	545,117	-	545,117
 Total General Revenues	 159,923,097	 3,463	 159,926,560
 Change in Net Position	 12,410,313	 683,358	 13,093,671
Net Position, Beginning of Year, as Restated	14,980,887	1,791,446	16,772,333
Net Position, End of Year	\$ 27,391,200	\$ 2,474,804	\$ 29,866,004

FUND FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 32,240,264	\$ 2,501,304	\$ 2,445,112		\$ 37,186,680
Due from Other Funds	200,115				200,115
Receivables from Other Governments	451,350	1,069,154	2,127,037		3,647,541
Other Receivables	47,006	7,989			54,995
Restricted Cash with Fiscal Agents	123,000	-	-	-	123,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 33,061,735</u>	<u>\$ 3,578,447</u>	<u>\$ 4,572,149</u>	<u>-</u>	<u>\$ 41,212,331</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 4,038,536	\$ 159,804	\$ 8,000		\$ 4,206,340
Deposits Payable		136			136
Accrued Liability for Insurance Claims	4,028,643				4,028,643
Due to Other Funds	11,767		200,115		211,882
Payable to State Government		22,153			22,153
Payable to Federal Government		225			225
Unearned Revenue	-	3,743,017	79,705	-	3,822,722
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>8,078,946</u>	<u>3,925,335</u>	<u>287,820</u>	<u>-</u>	<u>12,292,101</u>
Fund Balances					
Restricted					
Excess Surplus	2,433,214				2,433,214
Excess Surplus- Designated for Subsequent Year's Budget (2021/22)	2,420,128				2,420,128
Capital Reserve	7,744,502				7,744,502
Capital Reserve-Designated for Subsequent Year's Budget (2021/22)	3,600,000				3,600,000
Maintenance Reserve	2,033,569				2,033,569
Emergency Reserve	1,000,000				1,000,000
Unemployment Compensation Reserve	1,312,131				1,312,131
Capital Projects			4,279,291		4,279,291
Student Activities		241,563			241,563
Scholarship Awards		1,375			1,375
Debt Service			5,038		5,038
Assigned					
Encumbrances	736,719				736,719
FFCRA/SEMI	16,364				16,364
Designated for Subsequent Year's Budget (2021/22)	62,818				62,818
Unassigned					
General Fund	3,623,344				3,623,344
Special Revenue Fund	-	(589,826)	-	-	(589,826)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>24,982,789</u>	<u>(346,888)</u>	<u>4,284,329</u>	<u>-</u>	<u>28,920,230</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 33,061,735</u>	<u>\$ 3,578,447</u>	<u>\$ 4,572,149</u>	<u>\$ -</u>	<u>\$ 41,212,331</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

Total Fund Balance (Exhibit B-1)	\$ 28,920,230
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-1) are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$219,298,895 and the accumulated depreciation is \$80,165,356.</p>	139,133,539
<p>The District has financed capital assets through the issuance of serial bonds and capital lease/lease purchase obligations. The interest accrual at year end is:</p>	(1,058,325)
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>	432,897
<p>Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2A)</p>	(128,996,291)
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>	
Deferred Outflows of Resources	\$ 5,695,333
Deferred Inflows of Resources	<u>(16,736,183)</u>
	<u>(11,040,850)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 27,391,200</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Taxes	\$ 145,192,531			\$ 7,880,853	\$ 153,073,384
Tuition	138,399				138,399
Rentals	4,980				4,980
Interest	121,039		\$ 5,537		126,576
Miscellaneous	545,117	\$ 388,413		-	933,530
Total - Local Sources	146,002,066	388,413	5,537	7,880,853	154,276,869
State Sources	41,281,712	5,061,228		937,147	47,280,087
Federal Sources	205,296	4,299,477	-	-	4,504,773
Total Revenues	187,489,074	9,749,118	5,537	8,818,000	206,061,729
EXPENDITURES					
Current					
Regular Instruction	76,829,182	3,530,425			80,359,607
Special Education Instruction	28,255,047	5,887,842			34,142,889
Vocational Education Instruction- Tuition	209,766				209,766
Other Instruction	8,098,514				8,098,514
School-Sponsored Activities and Athletics	1,997,636				1,997,636
Support Services					
Student and Instruction Related Services	22,283,702				22,283,702
School Administrative Services	9,204,882				9,204,882
General Administrative Services	2,726,096		37,000		2,763,096
Plant Operations and Maintenance	14,677,034				14,677,034
Pupil Transportation	10,821,673	420,000			11,241,673
Business Central Services	3,885,906				3,885,906
Debt Service					
Principal	1,095,486			6,115,000	7,210,486
Interest and Other Charges	30,215			2,703,000	2,733,215
Capital Outlay	676,935	22,485	6,176,884	-	6,876,304
Total Expenditures	180,792,074	9,860,752	6,213,884	8,818,000	205,684,710
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,697,000	(111,634)	(6,208,347)	-	377,019
OTHER FINANCING SOURCES (USES)					
Lease Purchase Proceeds	1,309,197				1,309,197
Transfers In	5,537		3,585,000	-	3,590,537
Transfers Out	(3,585,000)	-	(5,537)	-	(3,590,537)
Total Other Financing Sources and Uses	(2,270,266)	-	3,579,463	-	1,309,197
Net Change in Fund Balances	4,426,734	(111,634)	(2,628,884)	-	1,686,216
Fund Balance, Beginning of Year, as Restated	20,556,055	(235,254)	6,913,213	-	27,234,014
Fund Balance, End of Year	\$ 24,982,789	\$ (346,888)	\$ 4,284,329	\$ -	\$ 28,920,230

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 1,686,216**

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

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

Capital Outlay	\$	6,876,304	
Depreciation Expense		<u>(4,402,442)</u>	
			2,473,862

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

Net Increase in Compensated Absences		(651,968)	
Net Increase in Claims and Judgements for Self-Insurance		1,517,093	
Decrease in Governmental Activities Pension Expense		<u>1,262,528</u>	
			2,127,653

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the net effect of these activities: (See Note 2B) 5,901,289

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

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

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

Decrease in Accrued Interest		<u>105,236</u>	
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 12,410,313**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

	<u>Food Service</u>	<u>C.A.R.E. Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,739,868	\$ 413,820	\$ 2,153,688
Intergovernmental Receivable			
State	17,369		17,369
Federal	397,780		397,780
Due from Other Funds	11,767		11,767
Inventories	48,666	-	48,666
	<u>2,215,450</u>	<u>413,820</u>	<u>2,629,270</u>
Total Current Assets			
Capital Assets			
Equipment	1,649,222	50,780	1,700,002
Less: Accumulated Depreciation	(938,454)	(50,780)	(989,234)
	<u>710,768</u>	<u>-</u>	<u>710,768</u>
Total Capital Assets, Net			
Total Assets	<u>2,926,218</u>	<u>413,820</u>	<u>3,340,038</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	72,677	-	72,677
	<u>72,677</u>	<u>-</u>	<u>72,677</u>
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>2,998,895</u>	<u>413,820</u>	<u>3,412,715</u>
LIABILITIES			
Current Liabilities			
Deposits Payable		132,007	132,007
Unearned Revenue	97,271	-	97,271
	<u>97,271</u>	<u>132,007</u>	<u>229,278</u>
Total Current Liabilities			
Long Term Liabilities			
Net Pension Liability	480,229	-	480,229
	<u>480,229</u>	<u>-</u>	<u>480,229</u>
Total Long Term Liabilities			
Total Liabilities	<u>577,500</u>	<u>132,007</u>	<u>709,507</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	14,837		14,837
Deferred Amounts on Net Pension Liability	213,567	-	213,567
	<u>228,404</u>	<u>-</u>	<u>228,404</u>
Total Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	<u>805,904</u>	<u>132,007</u>	<u>937,911</u>
NET POSITION			
Investment in Capital Assets	710,768	-	710,768
Unrestricted	1,482,223	281,813	1,764,036
	<u>2,192,991</u>	<u>281,813</u>	<u>2,474,804</u>
Total Net Position	<u>\$ 2,192,991</u>	<u>\$ 281,813</u>	<u>\$ 2,474,804</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Food Service</u>	<u>C.A.R.E. Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales- Reimbursable Programs	\$ 928,400		\$ 928,400
Daily Sales- Non-Reimbursable Programs	9,955		9,955
Program Fees	-	\$ 90,954	90,954
Miscellaneous	379	-	379
	<u>938,734</u>	<u>90,954</u>	<u>1,029,688</u>
Total Operating Revenues			
OPERATING EXPENSES			
Cost of Sales- Reimbursable Programs	1,620,684		1,620,684
Salaries and Employee Benefits	1,061,806		1,061,806
Other Purchased Services	51,795	1,344	53,139
Supplies and Materials	37,852		37,852
Depreciation	73,725		73,725
Miscellaneous	1,264	-	1,264
	<u>2,847,126</u>	<u>1,344</u>	<u>2,848,470</u>
Total Operating Expenses			
Operating Income/(Loss)	<u>(1,908,392)</u>	<u>89,610</u>	<u>(1,818,782)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	78,612		78,612
Federal Sources			
National School Lunch Program	1,478,368		1,478,368
Breakfast Program	933,271		933,271
Food Distribution Program	258,426		258,426
Interest Earnings	2,459	1,004	3,463
	<u>2,751,136</u>	<u>1,004</u>	<u>2,752,140</u>
Total Nonoperating Revenues			
OTHER FINANCING SOURCES (USES)			
Transfers to Special Revenue Fund	-	(250,000)	(250,000)
	<u>-</u>	<u>(250,000)</u>	<u>(250,000)</u>
Total Other Financing Sources/(Uses)			
Change in Net Position	842,744	(159,386)	683,358
Net Position , Beginning of Year	<u>1,350,247</u>	<u>441,199</u>	<u>1,791,446</u>
Net Position , End of Year	<u>\$ 2,192,991</u>	<u>\$ 281,813</u>	<u>\$ 2,474,804</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Food Service</u>	<u>C.A.R.E. Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 928,778	\$ 90,954	\$ 1,019,732
Cash Payments for Employees' Salaries and Benefits	(1,075,822)		(1,075,822)
Cash Payments to Suppliers for Goods and Services	<u>(1,424,721)</u>	<u>(1,344)</u>	<u>(1,426,065)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(1,571,765)</u>	<u>89,610</u>	<u>(1,482,155)</u>
Cash Flows from Noncapital Financing Activities			
Transfer to Other Fund		(250,000)	(250,000)
Cash Received from State and Federal Subsidy Reimbursements	<u>2,171,584</u>	<u>-</u>	<u>2,171,584</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,171,584</u>	<u>(250,000)</u>	<u>1,921,584</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	<u>(26,917)</u>	<u>-</u>	<u>(26,917)</u>
Net Cash (Used by) Capital Financing Activities	<u>(26,917)</u>	<u>-</u>	<u>(26,917)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>2,459</u>	<u>1,004</u>	<u>3,463</u>
Net Cash Provided by Investing Activities	<u>2,459</u>	<u>1,004</u>	<u>3,463</u>
Net Increase (Decrease) in Cash and Cash Equivalents	575,361	(159,386)	415,975
Cash and Cash Equivalents, Beginning of Year	<u>1,164,507</u>	<u>573,206</u>	<u>1,737,713</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,739,868</u>	<u>\$ 413,820</u>	<u>\$ 2,153,688</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/ (Used) by Operating Activities			
Operating Income/(Loss)	<u>\$ (1,908,392)</u>	<u>\$ 89,610</u>	<u>\$ (1,818,782)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities			
Depreciation	73,725		73,725
Food Distribution (USDA Commodities) Nat'l School Lunch	258,426		258,426
Change in Assets, Liabilities and Deferred Inflows/Outflows of Resources			
Increase/(Decrease) in Unearned Revenue	(9,956)		(9,956)
Increase/(Decrease) in Deferred Commodities Revenue	(379)		(379)
(Increase)/Decrease in Inventories	28,827		28,827
Increase/(Decrease) in Net Pension Liability	(31,515)		(31,515)
(Increase)/Decrease in Deferred Outflows of Resources-Net Pension Liability	9,496		9,496
Increase/(Decrease) in Deferred Inflows of Resources-Net Pension Liability	<u>8,003</u>	<u>-</u>	<u>8,003</u>
Total Adjustments	<u>336,627</u>	<u>-</u>	<u>336,627</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (1,571,765)</u>	<u>\$ 89,610</u>	<u>\$ (1,482,155)</u>
Non-Cash Investing, Capital and Related Financing Activities			
Fair Value of Food Distribution Program- National School Lunch Program	<u>\$ 258,047</u>		

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

NOTES TO THE FINANCIAL STATEMENTS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2021, the District adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District does not have any fiduciary funds.

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

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

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

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

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

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Restricted Assets*

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

5. *Capital Assets*

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

6. *Deferred Outflows/Inflows of Resources*

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Deferred Outflows/Inflows of Resources (Continued)*

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

7. *Compensated Absences*

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

8. *Pensions*

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

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

9. *Long-Term Obligations*

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

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2022/2023 original budget certified for taxes.

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

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

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2021/2022 District budget certified for taxes.

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District’s election for payment in lieu of contributions (benefit reimbursement method). (See Note 5).

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Scholarship Awards – This restriction was created to represent the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

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

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

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

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

FFCRA/SEMI - Represents fund balance assigned specifically for the Family First Coronavirus Response Act in the General Fund that was not appropriated in the 2020/2021 school year. These funds are available for appropriation in subsequent year’s budgets.

Designated for Subsequent Year’s Budget– This designation was created to dedicate the portion of fund balance appropriated in the adopted 2021/2022 District budget certified for taxes.

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

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

11. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the school district’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Fund Balance Policies (Continued)

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Bonds Payable	\$ (77,845,000)
Add: Issuance Premium (to be Amortized as Interest Expense)	(987,497)
Lease Purchase Payable	(8,370,579)
Claims and Judgments	(1,375,979)
Compensated Absences	(2,784,082)
Net Pension Liability	<u>(37,633,154)</u>

Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (128,996,291)</u>
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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details are as follows:

Debt Issued:	
Lease Purchase Financing	\$ (1,309,197)
Principal Repayments:	
General Obligation Bonds	6,115,000
Lease Purchase Payable	<u>1,095,486</u>

Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 5,901,289</u>
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$5,732,803. The increase was funded by the additional grant awards, student activity revenues, scholarship donations and the reappropriation of prior year general fund encumbrances.

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

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Unallocated Benefit Employee Benefit			
Workers Compensation	<u>\$930,899</u>	<u>\$1,562,251</u>	<u>\$631,352</u>

The overexpenditure was a result of an audit adjustment. The above variances were offset with other available resources.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an unassigned fund deficit of and \$589,826 in the Special Revenue Fund as of June 30, 2021 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2020/2021 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the Special Revenue Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$589,826 in the Special Revenue Fund is equal to the delayed state aid payments at June 30, 2021.

D. Capital Reserve

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020		\$ 9,650,693
Increased by:		
Interest Earnings - Transferred from Capital Projects Fund	\$ 5,537	
Interest Earnings	10,149	
Deposits Approved by Board Resolution	<u>5,263,123</u>	
		<u>5,278,809</u>
		14,929,502
Decreased by:		
Withdrawals by Budget Appropriation - Capital Outlay		<u>3,585,000</u>
Balance, June 30, 2021		<u>\$ 11,344,502</u>
Designated for Subsequent Year's Budget (2021/22)	\$ 3,600,000	
Available Capital Reserve	<u>7,744,502</u>	
		<u>\$ 11,344,502</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$3,600,000 of the capital reserve balance at June 30, 2021 was designated and appropriated for use in the 2021/2022 original budget certified for taxes.

E. Maintenance Reserve

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	\$ 2,031,420
Increased by:	
Interest Earnings	<u>2,149</u>
Balance, June 30, 2021	<u>\$ 2,033,569</u>

The June 30, 2021 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$7,030,355.

F. Emergency Reserve

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

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

The activity of the emergency reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	<u>\$ 1,000,000</u>
Balance, June 30, 2021	<u>\$ 1,000,000</u>

G. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2021 is \$4,853,342. Of this amount, \$2,420,128 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining amount of \$2,433,214 will be appropriated in the 2022/2023 original budget certified for taxes.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$39,463,368 and bank and brokerage firm balances of the Board's deposits amounted to \$47,107,141. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	
Cash and Cash Equivalents	\$ 46,984,141
Uninsured and Collateralized	
Restricted Cash with Fiscal Agent	<u>123,000</u>
	<u>\$ 47,107,141</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 the Board's bank balance of \$123,000 was exposed to custodial credit risk as follows:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

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

As of June 30, 2021, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board's investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2021 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 47,006	\$ 7,989			\$ 54,995
Intergovernmental					
Federal		1,069,154		\$ 397,780	1,466,934
State	<u>451,350</u>	<u>-</u>	<u>\$ 2,127,037</u>	<u>17,369</u>	<u>2,595,756</u>
Total Receivables	<u>\$ 498,356</u>	<u>\$ 1,077,143</u>	<u>\$ 2,127,037</u>	<u>\$ 415,149</u>	<u>\$ 4,117,685</u>

C. Unearned Revenue

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 3,596,647
Grant Draw Downs Purchases on Orders	146,370
Capital Projects Fund	
Unrealized School Facilities Grants	<u>79,705</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 3,822,722</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2021</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 5,451,194	\$ 5,956,526		\$ 11,407,720
Land	<u>20,311,056</u>	<u>-</u>	<u>-</u>	<u>20,311,056</u>
Total Capital Assets, Not Being Depreciated	<u>25,762,250</u>	<u>5,956,526</u>	<u>-</u>	<u>31,718,776</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	165,464,365	317,724		165,782,089
Improvements Other Than Buildings	8,178,234			8,178,234
Machinery and Equipment	<u>13,017,742</u>	<u>602,054</u>	<u>-</u>	<u>13,619,796</u>
Total Capital Assets Being Depreciated	<u>186,660,341</u>	<u>919,778</u>	<u>-</u>	<u>187,580,119</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(59,772,983)	(3,726,492)		(63,499,475)
Improvements Other Than Buildings	(5,303,552)	(294,244)		(5,597,796)
Machinery and Equipment	<u>(10,686,379)</u>	<u>(381,706)</u>	<u>-</u>	<u>(11,068,085)</u>
Total Accumulated Depreciation	<u>(75,762,914)</u>	<u>(4,402,442)</u>	<u>-</u>	<u>(80,165,356)</u>
Total Capital Assets, Being Depreciated, Net	<u>110,897,427</u>	<u>(3,482,664)</u>	<u>-</u>	<u>107,414,763</u>
Governmental Activities Capital Assets, Net	<u>\$ 136,659,677</u>	<u>\$ 2,473,862</u>	<u>\$ -</u>	<u>\$ 139,133,539</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2020	Increases	Decreases	Balance, June 30, 2021
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 1,673,085	\$ 26,917	\$ -	\$ 1,700,002
Total Capital Assets Being Depreciated	<u>1,673,085</u>	<u>26,917</u>	<u>-</u>	<u>1,700,002</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(915,509)</u>	<u>(73,725)</u>	<u>-</u>	<u>(989,234)</u>
Total Accumulated Depreciation	<u>(915,509)</u>	<u>(73,725)</u>	<u>-</u>	<u>(989,234)</u>
Total Capital Assets, Being Depreciated, Net	<u>757,576</u>	<u>(46,808)</u>	<u>-</u>	<u>710,768</u>
Business-Type Activities Capital Assets, Net	<u>\$ 757,576</u>	<u>\$ (46,808)</u>	<u>\$ -</u>	<u>\$ 710,768</u>

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

Governmental Activities:

Instruction	
Regular	\$ 129,696
Total Instruction	<u>129,696</u>
Support Services	
Student and Instruction Related Services	65,374
School Sponsored Activities and Athletics	21,568
General Administrative Services	725
Plant Operations and Maintenance	4,048,982
Pupil Transportation	59,204
Business/Central & Other Support Services	<u>76,893</u>
Total Support Services	<u>4,272,746</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,402,442</u>

Business-Type Activities:

Food Service Fund	\$ 73,725
Total Depreciation Expense-Business-Type Activities	<u>\$ 73,725</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2021:

<u>Project</u>	<u>Remaining Commitment</u>
Community Center Alterations	\$ 65,945
Meraki Video Surveillance System	252,177
Hamiltin Street Auditorium Seating Replacement	186,190
Hamiltin Street Auditorium Ceiling and Floor Replacement	236,430
Security Vestibules at Various Schools	659,200
Playgrounds at Various Schools	695,419
PGM Gym Air Conditioning	<u>188,000</u>
 Total Construction Commitments	 <u>\$ 2,283,361</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2021, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 200,115
Food Service Enterprise Fund	General Fund	<u>11,767</u>
 Total		 <u>\$ 211,882</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>		
	<u>Capital Projects Fund</u>	<u>General Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 3,585,000		\$ 3,585,000
Capital Projects Fund	<u>-</u>	<u>\$ 5,537</u>	<u>5,537</u>
 Total Transfers Out	 <u>\$ 3,585,000</u>	 <u>\$ 5,537</u>	 <u>\$ 3,590,537</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing various energy initiative program projects and computers totaling \$12,138,411 under capital leases. The leases are for terms of 3 to 20 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2022	\$ 1,640,018
2023	803,856
2024	814,846
2025	825,286
2026-2030	2,656,627
2031-2035	<u>2,997,874</u>
Total minimum lease payments	9,738,507
Less: amount representing interest	<u>(1,367,928)</u>
Present value of minimum lease payments	<u>\$ 8,370,579</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2021 are comprised of the following issues:

\$24,970,000, 2009 Refunding Bonds, due in annual installments of \$45,000 to \$2,340,000 through August 15, 2023, interest at 4.00% to 5.00%	\$ 4,720,000
\$81,480,000, 2015 School Bonds, due in annual installments of \$3,880,000 to \$5,000,000 through February 1, 2035, interest at 3.00 to 4.00%	64,425,000
\$8,700,000, 2016 Refunding Bonds, due in annual installments of \$2,140,000 to \$2,220,000 through August 15, 2026, interest at 3.00 to 4.00%	<u>8,700,000</u>
	<u>\$ 77,845,000</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2022	\$ 6,220,000	\$ 2,472,750	\$ 8,692,750
2023	6,320,000	2,244,475	8,564,475
2024	6,310,000	2,038,250	8,348,250
2025	6,450,000	1,848,500	8,298,500
2026	6,540,000	1,644,700	8,184,700
2027-2031	26,005,000	5,573,400	31,578,400
2032-2035	<u>20,000,000</u>	<u>1,750,000</u>	<u>21,750,000</u>
Total	<u>\$ 77,845,000</u>	<u>\$ 17,572,075</u>	<u>\$ 95,417,075</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 433,596,696
Less: Net Debt (Including Authorized But Not Issued)	<u>77,845,257</u>
Remaining Borrowing Power	<u>\$ 355,751,439</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance, July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 83,960,000		\$ (6,115,000)	\$ 77,845,000	\$ 6,220,000
Add:					
Unamortized Premium	<u>1,331,079</u>	<u>-</u>	<u>(343,582)</u>	<u>987,497</u>	<u>-</u>
Bonds Payable, Gross	85,291,079		(6,458,582)	78,832,497	6,220,000
Lease Purchase Payable	8,156,868	\$ 1,309,197	(1,095,486)	8,370,579	1,457,681
Claims and Judgments	2,893,072		(1,517,093)	1,375,979	
Compensated Absences	2,132,114	651,968		2,784,082	
Net Pension Liability	<u>40,235,085</u>	<u>-</u>	<u>(2,601,931)</u>	<u>37,633,154</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 138,708,218</u>	<u>\$ 1,961,165</u>	<u>\$ (11,673,092)</u>	<u>\$ 128,996,291</u>	<u>\$ 7,677,681</u>
Business-Type Activities:					
Net Pension Liability	<u>\$ 511,744</u>	<u>\$ -</u>	<u>\$ (31,515)</u>	<u>\$ 480,229</u>	<u>\$ -</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 511,744</u>	<u>\$ -</u>	<u>\$ (31,515)</u>	<u>\$ 480,229</u>	<u>\$ -</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2021, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$2,384,622 reported at June 30, 2021 is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2021 and 2020 are as follows:

Governmental Activities:	Fiscal Year Ended	
	June 30, 2021	June 30, 2020
Unpaid Claims, Beginning of Year	\$ 2,258,861	\$ 1,560,877
Incurred Claims	544,183	1,579,027
Claim Payments	<u>(418,422)</u>	<u>(881,043)</u>
Unpaid Claims, End of Year	<u>\$ 2,384,622</u>	<u>\$ 2,258,861</u>
General Fund		
Other Current Liabilities	\$ 1,028,643	\$ 328,643
Governmental Activities		
Noncurrent Liabilities	<u>1,355,979</u>	<u>1,930,218</u>
	<u>\$ 2,384,622</u>	<u>\$ 2,258,861</u>

The District has established a health and prescription plan for its employees. The plan was established during the fiscal year ended June 30, 2021, effective January 1, 2020. Transactions related to the plan are accounted for in the General Fund. The District funds the entire cost of the plan. Claims are paid directly by the plan.

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2021, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator. The unpaid claims liability of \$3,020,000 reported at June 30, 2020 is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Changes in the balances of claims liabilities for the health insurance plan for the fiscal year ended June 30, 2021 and 2020 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Unpaid Claims, Beginning of Year	\$ 3,962,854	-
Incurred Claims	20,486,736	\$ 19,751,742
Claim Payments	<u>17,466,736</u>	<u>15,788,888</u>
Unpaid Claims, End of Year	<u>\$ 3,020,000</u>	<u>\$ 3,962,854</u>
General Fund		
Other Current Liabilities	\$ 3,000,000	\$ 3,000,000
Governmental Activities		
Noncurrent Liabilities	<u>20,000</u>	<u>962,854</u>
	<u>\$ 3,020,000</u>	<u>\$ 3,962,854</u>

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

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	Contributions/ <u>Interest Earnings</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2021	\$ 276,767	\$ -	\$ 1,312,131
2020	194,434	192,220	1,309,509
2019	159,584	118,043	1,307,295

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2021, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

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

Other Pension Funds

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2021.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2021 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2021	\$ 2,556,766	\$ 15,767,415	\$ 13,866
2020	2,199,678	11,592,984	8,199
2019	2,296,666	10,584,508	19,023

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0, \$8,992 and \$10,141, respectively for PERS and the State contributed \$10,786, \$11,114 and \$13,525, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,431,785 during the fiscal year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

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

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

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$38,113,383 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the District's proportionate share was 0.23371 percent, which was an increase of 0.00757 percent from its proportionate share measured as of June 30, 2019 of 0.22614 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,280,222 for PERS. The pension contribution made by the District during the current 2020/2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 693,982	\$ 134,785
Changes of Assumptions	1,236,441	15,958,434
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,302,746	
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	<u>2,534,841</u>	<u>856,531</u>
Total	<u>\$ 5,768,010</u>	<u>\$ 16,949,750</u>

At June 30, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ (4,181,214)
2023	(3,642,758)
2024	(2,490,374)
2025	(686,439)
2026	(180,955)
Thereafter	<u>-</u>
	<u>\$ (11,181,740)</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 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:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

There was no crossover period for the PERS defined benefit plan. 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 Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 47,978,391</u>	<u>\$ 38,113,383</u>	<u>\$ 29,742,654</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2020. A sensitivity analysis specific to the District's net pension liability at June 30, 2020 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2019 through June 30, 2020. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2020, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$21,261,493 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the net pension liability attributable to the District is \$341,911,185. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was 0.51923 percent, which was a decrease of 0.00791 percent from its proportionate share measured as of June 30, 2019 of 0.52714 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 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:	
Through 2026	1.55-4.55%
	Based on Years of Service
Thereafter	2.75%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-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 PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

Fiscal Year	Measurement Date	Discount Rate
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2062

Municipal Bond Rate * From July 1, 2062
and Thereafter

* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.40%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 401,614,730</u>	<u>\$ 341,911,185</u>	<u>\$ 292,337,412</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
 Total	 <u>366,108</u>

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$4,941,263, \$4,300,785 and \$4,801,116, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$19,271,777. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$337,001,889. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was 0.49698 percent, which was a decrease of 0.06632 percent from its proportionate share measured as of June 30, 2019 of 0.56330 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 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	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	1.55% to 4.45%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

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

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 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%.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	Liability (State Share 100%)
Balance, June 30, 2019 Measurement Date	\$ <u>235,060,604</u>
Changes Recognized for the Fiscal Year:	
Service Cost	10,087,257
Interest on the Total OPEB Liability	7,431,464
Differences Between Expected and Actual Experience	28,552,999
Changes of Assumptions	61,558,671
Gross Benefit Payments	(5,866,938)
Contributions from the Member	177,832
Net Changes	<u>\$ 101,941,285</u>
Balance, June 30, 2020 Measurement Date	\$ <u>337,001,889</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

G. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 406,273,172</u>	<u>\$ 337,001,889</u>	<u>\$ 282,838,417</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	<u>\$ 272,039,289</u>	<u>\$ 337,001,889</u>	<u>\$ 414,357,907</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

F. Subsequent Events

Serial Bonds

On July 7, 2021 the District issued \$56,420,000 in School District Refunding Bonds. The proceeds of the Bonds will be used to: (i) advance refund all of the \$56,560,000 outstanding callable principal amount of School Bonds of the Board issued in the original principal amount of \$81,480,000, dated February 26, 2015 and maturing on February 1 in the years 2024 through 2035, inclusive (the "Refunded Bonds"), which may be redeemed at the option of the Board in whole or in part on any date on or after February 1, 2023 (the "Redemption Date") upon required notice at a redemption price equal to the par amount of the Refunded Bonds to be redeemed (the "Redemption Price"), plus accrued interest, if any, to the Redemption Date, and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds. The District awarded the said sale of bonds to Citigroup at an interest rate of 0.420% to 2.323%. These Bonds dated July 7, 2021 will mature over 13 years with the first maturity due February 1, 2023.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

G. Tax Abatements

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

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

NOTE 6 RESTATEMENT

On July 1, 2020, the Franklin Township Public Schools implemented GASB Statement No. 84 "Fiduciary Activities". The Franklin Township Public Schools has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$1,572,132 from \$13,408,755 as previously reported to \$14,980,887 as of June 30, 2020.

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$1,572,132 from \$25,661,882 as previously reported to \$27,234,014 as of June 30, 2020. General Fund fund balance increased \$1,309,509 from \$19,246,546 as previously reported to \$20,556,055 as of June 30, 2020. Special Revenue Fund fund balance increased \$262,623 from \$(497,877) as previously reported to \$(235,254) as of June 30, 2020.

Fiduciary Funds

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$1,310,882 from \$1,310,882 as previously reported to \$0 as of June 30, 2020.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

The largest portion of the School District’s revenues is derived from local tax revenues levied by the Township. In that regard, under applicable State statutes, the Township annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Township to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Township.

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

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 145,192,531		\$ 145,192,531	\$ 145,192,531	
Interest				106,119	\$ 106,119
Interest- Capital Reserve	1,500		1,500	10,149	8,649
Interest- Maintenance Reserve	500		500	2,149	1,649
Interest - Unemployment Account				2,622	2,622
Tuition - Other LEAs Within the State				138,399	138,399
Tuition - Other Sources	75,000		75,000	-	(75,000)
Rentals				4,980	4,980
Miscellaneous	150,000	-	150,000	545,117	395,117
Total - Local Sources	145,419,531	-	145,419,531	146,002,066	582,535
State Sources					
Special Education Aid	5,753,859	\$ (439,297)	5,314,562	5,314,562	-
Equalization Aid	5,706,043		5,706,043	5,706,043	-
Security Aid	1,581,446		1,581,446	1,581,446	-
Transportation Aid	1,634,154		1,634,154	1,634,154	-
Extraordinary Aid	1,600,000		1,600,000	1,925,110	325,110
Extraordinary Aid - Additional Prior Year				151,868	151,868
Additional Nonpublic Transportation Aid				236,930	236,930
On-Behalf TPAF Pension System Contr. (Non-Budgeted)					-
Normal Cost & Accrued Liab.				15,473,020	15,473,020
Non-Contributory Insurance				294,395	294,395
Long Term Disability Insurance				10,786	10,786
Post-Retirement Medical Contributions				4,941,263	4,941,263
Reimbursed TPAF Soc. Sec. Contr. (Non-budgeted)	-	-	-	4,431,785	4,431,785
Total - State Sources	16,275,502	(439,297)	15,836,205	41,701,362	25,865,157
Federal Sources					
Medicaid Reimbursement	323,401	-	323,401	119,720	(203,681)
Medicaid- MAC	-	-	-	57,726	57,726
FEMA - COVID	-	-	-	27,850	27,850
Total-Federal Sources	323,401	-	323,401	205,296	(118,105)
Total Revenues	162,018,434	(439,297)	161,579,137	187,908,724	26,329,587
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,605,797	53,907	1,659,704	1,659,704	-
Grades 1-5	10,703,925	616,325	11,320,250	11,297,667	22,583
Grades 6-8	8,939,936	86,041	9,025,977	9,010,018	15,959
Grades 9-12	10,873,928	(124,395)	10,749,533	10,661,522	88,011
Home Instruction					
Salaries of Teachers	30,000	-	30,000	557	29,443
Purchased Professional - Educational Services		21,000	21,000	9,270	11,730
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	35,000	(35,000)	-		-
Purchased Professional - Educational Services	1,109,400	(369,531)	739,869	610,752	129,117
Purchased Technical Services	108,300		146,040	254,340	-
Other Purchased Services	1,363,823	233,053	1,596,876	1,506,371	90,505
General Supplies	898,171	116,495	1,014,666	859,202	155,464
General Supplies- Acquired Under Lease Purchase (Non-Budgeted)				1,309,197	(1,309,197)
Textbooks	136,150	85,880	222,030	212,088	9,942
Other Objects	26,243	(2,982)	23,261	3,810	19,451
Total Regular Programs	35,830,673	826,833	36,657,506	37,394,498	(736,992)
Special Education					
Cognitive-Moderate					
Salaries of Teachers	36,966	(30,266)	6,700	6,700	-
Other Salaries of Instruction	121,041	(72,307)	48,734	48,734	-
Purchased Prof-Ed. Services	15,000	(13,700)	1,300	1,000	300
Purchased Technical Services	8,000	(7,839)	161	130	31
Total Cognitive-Moderate	181,007	(124,112)	56,895	56,564	331

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 1,625,412	\$ (221,990)	\$ 1,403,422	\$ 1,403,422	-
Other Salaries for Instruction	761,894	(59,882)	702,012	702,012	-
General Supplies	28,669	55,739	84,408	84,138	\$ 270
Total Learning and/or Language Disabilities	2,415,975	(226,133)	2,189,842	2,189,572	270
Behavioral Disabilities					
Salaries of Teachers	63,941	-	63,941	63,941	-
Other Salaries for Instruction	45,124	-	45,124	39,173	5,951
Unused Vacation Payment to Terminated/Retired Staff	2,000	(1,038)	962	788	174
Total Behavioral Disabilities	111,065	(1,038)	110,027	103,902	6,125
Resource Room/Resource Center					
Salaries of Teachers	5,920,955	(107,497)	5,813,458	5,810,012	3,446
Other Salaries for Instruction	758,240	(58,737)	699,503	699,503	-
General Supplies	34,310	3,594	37,904	32,746	5,158
Total Resource Room/Resource Center	6,713,505	(162,640)	6,550,865	6,542,261	8,604
Autism					
Salaries of Teachers	642,810	261,010	903,820	903,820	-
Other Salaries for Instruction	948,639	(221,151)	727,488	695,267	32,221
General Supplies	10,750	317,893	328,643	242,827	85,816
Total Autism	1,602,199	357,752	1,959,951	1,841,914	118,037
Preschool Disabilities - Full-Time					
Salaries of Teachers	713,621	188,419	902,040	902,040	-
Other Salaries for Instruction	401,637	111,272	512,909	507,507	5,402
General Supplies	15,000	1,100	16,100	6,603	9,497
Total Preschool Disabilities - Full-Time	1,130,258	300,791	1,431,049	1,416,150	14,899
Home Instruction					
Salaries of Teachers		4,565	4,565	4,565	-
Purchased Professional-Educational Services	30,000	(15,500)	14,500	5,462	9,038
Total Home Instruction	30,000	(10,935)	19,065	10,027	9,038
Total Special Education	12,184,009	133,685	12,317,694	12,160,390	157,304
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,787,982	(141,842)	1,646,140	1,608,920	37,220
Unused Vacation Payment to Terminated/Retired Staff	6,280	-	6,280	6,241	39
Total Basic Skills/Remedial - Instruction	1,794,262	(141,842)	1,652,420	1,615,161	37,259
Bilingual Education - Instruction					
Salaries of Teachers	2,769,078	(89,425)	2,679,653	2,679,653	-
Other Salaries for Instruction	16,544	-	16,544	3,672	12,872
General Supplies	56,753	4,519	61,272	41,902	19,370
Textbooks	7,045	(6,946)	99	99	-
Total Bilingual Education - Instruction	2,849,420	(91,852)	2,757,568	2,725,326	32,242
School Sponsored Co/Extra Curricular Activities					
Salaries	503,955	(2,156)	501,799	317,681	184,118
Purchased Services	17,665	(10,161)	7,504	1,000	6,504
Supplies and Materials	16,554	4,821	21,375	8,812	12,563
Other Objects	63,822	1,954	65,776	8,471	57,305
Total School Sponsored Co/Extra Curricular Activities	601,996	(5,542)	596,454	335,964	260,490

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Athletics					
Salaries	\$ 823,325	\$ (37,474)	\$ 785,851	\$ 785,851	\$ -
Purchased Services	40,700	(40,000)	700	56	644
Supplies and Materials	80,354	16,078	96,432	72,105	24,327
Other Objects	151,077	(4,387)	146,690	46,741	99,949
Total School Sponsored Athletics	1,095,456	(65,783)	1,029,673	904,753	124,920
Alternative Education Programs- Instruction					
Salaries of Teachers	294,072	38,364	332,436	332,436	-
Other Salaries for Instruction	2,580	-	2,580	-	2,580
Purchased Professional and Technical Services	4,650	-	4,650	3,500	1,150
General Supplies	2,500	-	2,500	1,189	1,311
Total Alternative Education Programs- Instruction	303,802	38,364	342,166	337,125	5,041
Alternative Education Programs- Support Services					
Salaries	229,642	(41,176)	188,466	145,347	43,119
Purchased Professional and Technical Services	600	-	600	400	200
Supplies and Materials	1,000	2,365	3,365	3,365	-
Total Alternative Education Programs- Support Services	231,242	(38,811)	192,431	149,112	43,319
Total - Instruction	54,890,860	655,052	55,545,912	55,622,329	(76,417)
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular	279,500	43,695	323,195	305,157	18,038
Tuition to Other LEAs Within State-Special	3,102,425	(254,007)	2,848,418	2,764,177	84,241
Tuition to County Vocational School Districts-Reg.	219,550	(35,202)	184,348	135,066	49,282
Tuition to County Vocational School Districts-Spec.	86,178	(10,000)	76,178	74,700	1,478
Tuition to County Spec. Svcs. Districts & Reg. Day	215,198	(67,000)	148,198	147,495	703
Tuition to Private Schools for the Disabled W/in State	4,079,332	473,672	4,553,004	4,466,378	86,626
Tuition to Private Schools Disabled and Other LEA's, Spl, O/S	165,233	(4,000)	161,233	160,557	676
Tuition - State Facilities	98,050	7,649	105,699	105,699	-
Tuition-Other	633,335	(250,341)	382,994	365,788	17,206
Total Undistributed Expenditures - Instruction	8,878,801	(95,534)	8,783,267	8,525,017	258,250
Attendance and Social Work Services					
Salaries	97,630	20,355	117,985	117,985	-
Total Attendance and Social Work Services	97,630	20,355	117,985	117,985	-
Health Services					
Salaries	1,479,423	(292,673)	1,186,750	1,108,028	78,722
Purchased Professional and Technical Svcs.	7,057	46,883	53,940	43,290	10,650
Other Purchased Services	1,080	-	1,080	1,080	-
Supplies and Materials	25,958	44,644	70,602	66,439	4,163
Total Health Services	1,513,518	(201,146)	1,312,372	1,218,837	93,535
Speech, OT, PT & Related Services					
Salaries	1,257,491	-	1,257,491	1,035,376	222,115
Purchased Professional- Educational Services	1,333,380	811,957	2,145,337	1,776,450	368,887
Supplies and Materials	8,600	8,202	16,802	15,625	1,177
Total Speech, OT, PT & Related Services	2,599,471	820,159	3,419,630	2,827,451	592,179
Other Support Services- Students Extra Service					
Salaries	1,105,583	(10,616)	1,094,967	944,408	150,559
Purchased Professional Ed. Services	1,763,000	(1,021,996)	741,004	434,229	306,775
Other Objects	10,000	(10,000)	-	-	-
Total Other Support Services- Students Extra Service	2,878,583	(1,042,612)	1,835,971	1,378,637	457,334

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 2,287,325	\$ (194,825)	\$ 2,092,500	\$ 2,035,510	\$ 56,990
Salaries of Secretarial and Clerical Assistants	332,482	5,840	338,322	338,322	-
Unused Vacation Payment to Terminated/Retired Staff		840	840	840	-
Purchased Professional and Ed. Svcs.	480,384	17,861	498,245	313,321	184,924
Other Purch. Prof & Tech Svc.	6,000	-	6,000		6,000
Other Purchased Services	6,360	-	6,360	625	5,735
Supplies and Materials	43,749	4,248	47,997	30,918	17,079
Other Objects	45,709	23,300	69,009	39,115	29,894
Total Guidance	3,202,009	(142,736)	3,059,273	2,758,651	300,622
Child Study Teams					
Salaries of Other Professional Staff	2,755,578	(101,686)	2,653,892	2,553,125	100,767
Salaries of Secretarial and Clerical Assistants	357,409	-	357,409	356,909	500
Other Salaries	2,000	2,675	4,675	4,675	-
Purchased Professional-Educational Services	167,000	55,273	222,273	119,024	103,249
Other Purchased Professional & Technical Svcs.	40,000	7,000	47,000	20,808	26,192
Other Purchased Services	13,880	(10,000)	3,880	2,416	1,464
Supplies and Materials	23,380	10,293	33,673	33,673	-
Other Objects	25,120	(22,500)	2,620	1,053	1,567
Total Child Study Teams	3,384,367	(58,945)	3,325,422	3,091,683	233,739
Impvmt. of Instruction Services-Other Support Services					
Salaries of Supervisors of Instruction	1,613,163	10,860	1,624,023	1,624,023	-
Salaries of Other Professional Staff	104,360	36,116	140,476	140,476	-
Salaries of Sec. and Clerical Assist.	281,834	(2,456)	279,378	279,334	44
Other Salaries	76,294	-	76,294	74,000	2,294
Salaries of Facilitators, Math & Literacy Coaches	2,055,806	(61,092)	1,994,714	1,649,064	345,650
Purchased Professional & Technical Svcs.	20,274	1,776	22,050	22,050	-
Other Purchased Services	33,932	(2,595)	31,337	4,140	27,197
Supplies and Materials	10,382	12,639	23,021	22,060	961
Other Objects	25,917	21,653	47,570	41,062	6,508
Total Impvmt. of Instruction Svcs./Other Support Svcs.- Instructional Staff	4,221,962	16,901	4,238,863	3,856,209	382,654
Educational Media Services/School Library					
Salaries	576,104	(3,991)	572,113	565,734	6,379
Purchased Professional & Technical Svcs.	150,000	(56,000)	94,000	686	93,314
Supplies and Materials	114,741	(750)	113,991	107,620	6,371
Total Educational Media Services/School Library	840,845	(60,741)	780,104	674,040	106,064
Instructional Staff Training Services					
Salaries of Other Professional Staff	25,761	1	25,762	25,529	233
Unused Vacation Payment to Terminated/Retired Staff	3,000	108,209	111,209	83,094	28,115
Purchased Professional - Educational Services	137,810	(134,810)	3,000		3,000
Other Purchased Services	48,474	(24,013)	24,461	3,764	20,697
Supplies and Materials	30,656	(1,678)	28,978	13,846	15,132
Total Instructional Staff Training Services	245,701	(52,291)	193,410	126,233	67,177
Support Svcs. General Administration					
Salaries	546,112	299,494	845,606	845,606	-
Legal Services	290,000	-	290,000	144,749	145,251
Audit Fees	70,000	(17,148)	52,852	39,116	13,736
Architectural/Engineering Services	35,000	(35,000)	-		-
Other Purchased Professional Svcs.	69,100	(21,750)	47,350	37,895	9,455
Purchased Technical Services	181,686	5,979	187,665	171,825	15,840
Communications/Telephone	472,398	86,904	559,302	482,728	76,574
BOE Other Purchased Services	8,500	-	8,500	6,283	2,217
Misc. Purchased Services	523,930	(88,482)	435,448	431,872	3,576
General Supplies	8,900	3,513	12,413	5,393	7,020
BOE In House Training/ Meeting Supplies	5,000	-	5,000	161	4,839
Judgments Against the School District	25,000	-	25,000		25,000
Miscellaneous Expenditures	11,945	(550)	11,395	8,120	3,275
BOE Membership Dues and Fees	37,000	22	37,022	33,264	3,758
Total Support Services General Administration	2,284,571	232,982	2,517,553	2,207,012	310,541

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 2,928,138	\$ 110,102	\$ 3,038,240	\$ 3,038,240	\$ -
Salaries of Other Professional Staff	852,248	74,015	926,263	926,263	-
Salaries of Secretarial and Clerical Assistants	1,907,376	(127,144)	1,780,232	1,762,219	\$ 18,013
Other Salaries		22,188	22,188		-
Purchased Professional and Technical Services	9,130	17,295	26,425	26,425	-
Other Purchased Services	9,406	21,094	30,500	14,790	15,710
Supplies and Materials	75,644	127,748	203,392	177,855	25,537
Other Objects	24,670	1,000	25,670	24,210	1,460
Total Support Services School Adm.	<u>5,806,612</u>	<u>246,298</u>	<u>6,052,910</u>	<u>5,992,190</u>	<u>60,720</u>
Central Services					
Salaries	1,494,537	(35,321)	1,459,216	1,389,254	69,962
Purchased Professional Services	2,500	(2,500)	-		-
Purchased Technical Services	119,550	90,654	210,204	203,124	7,080
Miscellaneous Purchased Services	46,255	(28,486)	17,769	17,457	312
Supplies and Materials	30,480	47,689	78,169	57,135	21,034
Miscellaneous Expenditures	21,220	19,898	41,118	40,361	757
Total Central Services	<u>1,714,542</u>	<u>91,934</u>	<u>1,806,476</u>	<u>1,707,331</u>	<u>99,145</u>
Admin. Info. Technology					
Salaries	860,557	23,075	883,632	883,632	-
Purchased Technical Services	121,289	25,949	147,238	146,939	299
Other Purchased Services	23,700	18,232	41,932	40,171	1,761
Supplies and Materials	146,068	20,425	166,493	161,384	5,109
Total Admin. Info. Technology	<u>1,151,614</u>	<u>87,681</u>	<u>1,239,295</u>	<u>1,232,126</u>	<u>7,169</u>
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	435,505	91,307	526,812	459,761	67,051
General Supplies	200,260	18,764	219,024	196,309	22,715
Other Objects	18,875	360	19,235	19,178	57
Total Required Maintenance for School Facilities	<u>654,640</u>	<u>110,431</u>	<u>765,071</u>	<u>675,248</u>	<u>89,823</u>
Custodial Services					
Salaries	4,788,232	(15,297)	4,772,935	4,648,578	124,357
Salaries of Non-Instructional Aides	381,317	(137,702)	243,615	199,816	43,799
Purchased Professional and Technical Services	11,788	-	11,788	11,026	762
Cleaning, Repair and Maintenance Services	229,635	(39,686)	189,949	141,290	48,659
Other Purchased Property Services	240,027	90,015	330,042	317,613	12,429
Insurance	492,591	(87,281)	405,310	404,525	785
General Supplies	165,775	114,420	280,195	267,715	12,480
Energy (Natural Gas)	702,476	(105,692)	596,784	567,871	28,913
Energy (Electricity)	1,571,630	64,498	1,636,128	1,618,615	17,513
Energy (Gasoline)	7,800	2,614	10,414	8,266	2,148
Other Objects	1,170	-	1,170	1,025	145
Interest- Energy Savings Impr Prog Bonds	174,930	-	174,930	85,555	89,375
Principal- Energy Savings Impr Prog Bonds	278,000	-	278,000	274,442	3,558
Total Custodial Services	<u>9,045,371</u>	<u>(114,111)</u>	<u>8,931,260</u>	<u>8,546,337</u>	<u>384,923</u>
Care & Upkeep of Grounds					
Salaries	532,525	-	532,525	502,709	29,816
Cleaning, Repair and Maintenance Services	65,754	18,437	84,191	72,602	11,589
General Supplies	48,503	20,000	68,503	62,447	6,056
Total Care & Upkeep of Grounds	<u>646,782</u>	<u>38,437</u>	<u>685,219</u>	<u>637,758</u>	<u>47,461</u>
Security					
Salaries	1,892,415	(156)	1,892,259	1,617,193	275,066
Purchased Professional and Technical Services	1,089,183	(6,050)	1,083,133	540,798	542,335
Cleaning, Repair and Maintenance Services	20,500	-	20,500	18,874	1,626
General Supplies	18,249	4,050	22,299	17,170	5,129
Total Security	<u>3,020,347</u>	<u>(2,156)</u>	<u>3,018,191</u>	<u>2,194,035</u>	<u>824,156</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 71,531	\$ 37,868	\$ 109,399	\$ 109,399	\$ -
Salaries for Pupil Transportation (Between Home and School) - Regular	195,243	29	195,272	191,683	\$ 3,589
Salaries for Pupil Transportation (Between Home and School) - Special Educ.	374,791	(24,100)	350,691	339,585	11,106
Management Fee- ESC & CTSA Trans. Program	251,622	(12,000)	239,622	64,910	174,712
Other Purchased Prof. and Technical Serv.	635,442	39	635,481	168,471	467,010
Cleaning Repair and Maintenance Svcs.	223,540	13,053	236,593	169,395	67,198
Contracted Services (Between Home and School) - Vendors	4,750,470	(644,338)	4,106,132	3,859,973	246,159
Contracted Services (Other Than Between Home and School) - Vendors	560,733	(109,084)	451,649	108,573	343,076
Contracted (Between Home & School) Joint Agr.	32,000	-	32,000	23,000	9,000
Contracted Services (Special Ed. Students) Vendors	2,638,124	544,753	3,182,877	3,038,715	144,162
Contracted Services (Special Ed. Students) Joint Agr.	-	14,300	14,300	4,945	9,355
Contracted Services (Reg. Students)-ESCs & CTSA	1,012,537	(400,000)	612,537	573,441	39,096
Contracted Services (Spl. Ed. Students)-ESCs & CTSA	2,940,953	(407,053)	2,533,900	1,490,045	1,043,855
Contracted Service- Aid in Lieu Payments-Nonpub	550,000	296,000	846,000	407,757	438,243
Contracted Service- Aid in Lieu Payments-Charter	43,000	2,500	45,500	3,870	41,630
Misc. Purchased Svcs. - Transportation	1,697	-	1,697	-	1,697
Other Objects	1,800	-	1,800	1,132	668
Total Student Transportation Svcs.	14,283,483	(688,033)	13,595,450	10,554,894	3,040,556
Unallocated Benefits- Employee Benefits					
Group Insurance	1,200	-	1,200	-	1,200
Social Security Contribution	1,867,294	-	1,867,294	1,505,439	361,855
Other Retirement Contributions-Regular (DCRP)	35,000	500	35,500	13,866	21,634
Other Retirement Contributions- PERS	2,600,145	(37,500)	2,562,645	2,556,766	5,879
Workers Compensation	930,899	-	930,899	1,562,251	(631,352)
Health Benefits	20,034,684	(423,479)	19,611,205	17,446,736	2,164,469
Tuition Reimbursement	103,500	22,315	125,815	125,815	-
Other Employee Benefits	86,784	(34,386)	52,398	45,559	6,839
Total Unallocated Benefits- Employee Benefits	25,659,506	(472,550)	25,186,956	23,256,432	1,930,524
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Cost and Accrued Liability	-	-	-	15,473,020	(15,473,020)
Non-Contributory Insurance	-	-	-	294,395	(294,395)
Long Term Disability Insurance	-	-	-	10,786	(10,786)
Post-Retirement Medical Contributions	-	-	-	4,941,263	(4,941,263)
On-behalf Reimbursed TPAF Social Security (Non-budgeted)	-	-	-	4,431,785	(4,431,785)
Total On-Behalf TPAF Contributions	-	-	-	25,151,249	(25,151,249)
Total Undistributed Expenditures	92,130,355	(1,265,677)	90,864,678	106,729,355	(15,864,677)
Interest Earned on Maintenance Reserve	500	(500)	-	-	-
Total Current Expenditures	147,021,715	(611,125)	146,410,590	162,351,684	(15,941,094)
CAPITAL OUTLAY					
Equipment					
Grades 9-12	-	14,499	14,499	14,499	-
Special Education - Instruction	-	-	-	-	-
Learning and/or Language Disabilities	15,000	-	15,000	-	15,000
School-Sponsored and Other Instructional Programs	3,096	-	3,096	2,037	1,059
Undistributed Expenditures					
Instruction	-	2,079	2,079	2,079	-
Support Services- Students Special	-	128,486	128,486	128,485	1
School Admin	-	4,300	4,300	4,242	58
Admin. Info. Tech.	-	57,000	57,000	43,778	13,222
Required Maintenance	-	87,098	87,098	84,139	2,959
Care and Upkeep of Grounds	-	112,925	112,925	88,159	24,766
Security	-	21,060	21,060	19,311	1,749
Total Equipment	18,096	427,447	445,543	386,729	58,814

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		\$ 11,100	\$ 11,100	\$ 9,800	\$ 1,300
Construction Services		288,406	288,406	280,406	8,000
Assessment for Debt Service on SDA Funding	\$ 166,967	-	166,967	166,967	-
Total Facilities Acquisition and Construction Services	<u>166,967</u>	<u>299,506</u>	<u>466,473</u>	<u>457,173</u>	<u>9,300</u>
Interest Deposit to Capital Reserve	1,500	-	1,500	-	1,500
Total Capital Outlay	<u>186,563</u>	<u>726,953</u>	<u>913,516</u>	<u>843,902</u>	<u>69,614</u>
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Transfer of Funds to Charter Schools	17,000,000	596,488	17,596,488	17,596,488	-
Total Transfer of Funds to Charter Schools	<u>17,000,000</u>	<u>596,488</u>	<u>17,596,488</u>	<u>17,596,488</u>	<u>-</u>
Total Expenditures	<u>164,208,278</u>	<u>712,316</u>	<u>164,920,594</u>	<u>180,792,074</u>	<u>(15,871,480)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,189,844)	(1,151,613)	(3,341,457)	7,116,650	10,458,107
OTHER FINANCING SOURCES/(USES)					
Transfer In				5,537	5,537
Transfer to Capital Projects Fund (Capital Reserve)	(3,585,000)	-	(3,585,000)	(3,585,000)	-
Lease Purchase Proceeds				1,309,197	1,309,197
Transfer To Special Revenue Fund	(150,000)	-	(150,000)	-	150,000
Total Other Financing Sources/(Uses)	<u>(3,735,000)</u>	<u>-</u>	<u>(3,735,000)</u>	<u>(2,270,266)</u>	<u>1,464,734</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(5,924,844)	(1,151,613)	(7,076,457)	4,846,384	11,922,841
Fund Balances, Beginning of Year, as Restated	23,391,766	-	23,391,766	23,391,766	-
Fund Balances, End of Year	\$ 17,466,922	\$ (1,151,613)	\$ 16,315,309	\$ 28,238,150	\$ 11,922,841
Recapitulation :					
Restricted					
Excess Surplus (2022/23 Budget)				\$ 2,433,214	
Excess Surplus - Designated for Subsequent Year's Budget (2021/22)				2,420,128	
Capital Reserve				7,744,502	
Capital Reserve- Designated for Subsequent Year's Budget (2021/22)				3,600,000	
Maintenance Reserve				2,033,569	
Emergency Reserve				1,000,000	
Unemployment Compensation Reserve				1,312,131	
Assigned					
Encumbrances				736,719	
FFCRA/SEMI				16,364	
Designated for Subsequent Year's Budget				62,818	
Unassigned				<u>6,878,705</u>	
Fund Balance (Budgetary Basis)				28,238,150	
Les: 2020/2021 State Aid Payments Not Recognized on GAAP Basis				<u>(3,255,361)</u>	
Fund Balance (GAAP Basis)				<u>\$ 24,982,789</u>	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments	Final Budget	Actual	Variance- Final Budget to Actual
REVENUES					
Intergovernmental					
State	\$ 8,265,432	\$ (644,017)	\$ 7,621,415	\$ 5,116,103	\$ (2,505,312)
Federal	2,605,403	5,650,234	8,255,637	4,131,449	(4,124,188)
Local Sources					
Miscellaneous	-	462,022	462,022	387,643	(74,379)
Total Revenues	<u>10,870,835</u>	<u>5,468,239</u>	<u>16,339,074</u>	<u>9,635,195</u>	<u>(6,703,879)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	11,020,835	(8,171,567)	2,849,268	1,883,927	965,341
Salaries of Other Professional Staff		1,813,627	1,813,627	412,432	1,401,195
Other Salaries for Instruction		1,071,214	1,071,214	520,361	550,853
Other Salaries		310,914	310,914	278,343	32,571
Purchased Technical Services		279,459	279,459	239,625	39,834
Purchased Prof and Technical Services		243,247	243,247	243,182	65
Purchased Professional/Educational Services		355,789	355,789	239,907	115,882
Other Purchased Services		1,129,656	1,129,656	887,513	242,143
General Supplies		1,534,221	1,534,221	694,242	839,979
Textbooks		78,256	78,256	78,256	-
School Sponsored Co/Estra Curricular Activities and Athletics		167,437	167,437	167,437	-
Other Objects	-	8,835	8,835	210	8,625
Total Instruction	<u>11,020,835</u>	<u>(1,178,912)</u>	<u>9,841,923</u>	<u>5,645,435</u>	<u>4,196,488</u>
Support Services					
Salaries of Supervisors of Instruction		132,418	132,418	131,446	972
Salaries of Program Directors		-	-	-	-
Salaries of Other Professional Staff		162,923	162,923	-	162,923
Salaries of Secretarial and Clerical Asst.		51,656	51,656	49,731	1,925
Other Salaries		630,629	630,629	652,094	(21,465)
Other Salaries for Instruction		7,356	7,356	7,356	-
Personal Services-Employee Benefits		2,108,898	2,108,898	1,504,376	604,522
Purchased Professional/Educational Services		679,777	679,777	487,887	191,890
Purchased Professional & Technical Services		1,027,181	1,027,181	125,930	901,251
Other Purchased Professional- Educational Services		136,986	136,986	136,986	-
Contracted Services-Transportation		590,846	590,846	420,000	170,846
Other Purchased Services		298,296	298,296	160,138	138,158
Supplies and Materials		467,056	467,056	309,616	157,440
Other Objects	-	1,400	1,400	1,400	-
Total Support Services	<u>-</u>	<u>6,295,422</u>	<u>6,295,422</u>	<u>3,986,960</u>	<u>2,308,462</u>
Facilities Acquisition and Construction					
Instructional Equipment		22,485	22,485	22,485	-
Non-Instructional Equipment	-	198,929	198,929	-	198,929
Total Facilities Acq. & Construction	<u>-</u>	<u>221,414</u>	<u>221,414</u>	<u>22,485</u>	<u>198,929</u>
Total Expenditures	<u>11,020,835</u>	<u>5,337,924</u>	<u>16,358,759</u>	<u>9,654,880</u>	<u>6,703,879</u>
Other Financing Sources					
Transfer In - General Fund	150,000	(150,000)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources	-	(19,685)	(19,685)	(19,685)	-
Fund Balances, Beginning of Year, as Restated	262,623	-	262,623	262,623	-
Fund Balances, End of Year	<u>\$ 262,623</u>	<u>\$ (19,685)</u>	<u>\$ 242,938</u>	<u>\$ 242,938</u>	<u>\$ -</u>
Reconciliation to Governmental Funds Statements (GAAP):					
Fund Balance (Budgetary Basis), End of Year				\$ 242,938	
Final 2020/2021 State Aid Payments Not Recognized on GAAP Basis				(589,826)	
Fund Balance (GAAP Basis), End of Year				<u>\$ (346,888)</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual revenues (budgetary basis)	\$ 187,908,724	\$ 9,635,195
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2020		352,242
Encumbrances, June 30, 2021		(146,370)
State Aid Payments recognized for GAAP purposes not recognized for Budgetary statements (2019/2020 State Aid)	2,835,711	497,877
State Aid Payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year (2020/2021 State Aid)	<u>(3,255,361)</u>	<u>(589,826)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 187,489,074</u>	<u>\$ 9,749,118</u>
Uses/outflows of resources		
Actual expenditures (budgetary basis)	<u>\$ 180,792,074</u>	<u>\$ 9,654,880</u>
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2020		352,242
Encumbrances, June 30, 2021	<u>-</u>	<u>(146,370)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 180,792,074</u>	<u>\$ 9,860,752</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POSTEMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Eight Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.23371%	0.22614%	0.23090%	0.22235%	.21796%	.22744%	.22739%	.22238%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 38,113,383</u>	<u>\$ 40,746,829</u>	<u>\$ 45,462,208</u>	<u>\$ 51,759,670</u>	<u>\$ 64,552,218</u>	<u>\$ 51,054,809</u>	<u>\$ 42,572,869</u>	<u>\$ 42,502,178</u>
District's Covered Payroll	<u>\$ 17,124,714</u>	<u>\$ 16,458,036</u>	<u>\$ 15,942,681</u>	<u>\$ 15,947,892</u>	<u>\$ 15,140,829</u>	<u>\$ 15,066,990</u>	<u>\$ 15,250,010</u>	<u>\$ 15,284,217</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	223%	248%	285%	325%	426%	339%	279%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,556,766	\$ 2,199,678	\$ 2,296,666	\$ 2,059,841	\$ 1,936,287	\$ 1,955,339	\$ 1,874,537	\$ 1,675,625
Contributions in Relation to the Contractually Required Contribution	<u>2,556,766</u>	<u>2,199,678</u>	<u>2,296,666</u>	<u>2,059,841</u>	<u>1,936,287</u>	<u>1,955,339</u>	<u>1,874,537</u>	<u>1,675,625</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 15,180,586</u>	<u>\$ 17,124,714</u>	<u>\$ 16,458,036</u>	<u>\$ 15,942,681</u>	<u>\$ 15,947,892</u>	<u>\$ 15,140,829</u>	<u>\$ 15,066,990</u>	<u>\$ 15,284,217</u>
Contributions as a Percentage of Covered Payroll	17%	13%	14%	13%	12%	13%	12%	11%

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

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

Teachers Pension and Annuity Fund

Last Eight Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 341,911,185</u>	<u>\$ 323,508,309</u>	<u>\$ 339,405,337</u>	<u>\$ 348,623,835</u>	<u>\$ 405,403,933</u>	<u>\$ 334,421,129</u>	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
Total	<u>\$ 341,911,185</u>	<u>\$ 323,508,309</u>	<u>\$ 339,405,337</u>	<u>\$ 348,623,835</u>	<u>\$ 405,403,933</u>	<u>\$ 334,421,129</u>	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
District's Covered Payroll	<u>\$ 58,118,569</u>	<u>\$ 57,232,195</u>	<u>\$ 54,724,475</u>	<u>\$ 55,248,712</u>	<u>\$ 53,372,315</u>	<u>\$ 51,907,424</u>	<u>\$ 51,889,123</u>	<u>\$ 51,771,553</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

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

Postemployment Health Benefit Plan

Last Four Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 10,087,257	\$ 9,572,781	\$ 10,648,611	\$ 12,978,426
Interest on Total OPEB Liability	7,431,464	8,831,577	9,413,944	8,047,596
Differences Between Expected and Actual Experiences	58,552,999	(31,951,604)	(22,392,077)	
Changes of Assumptions	61,558,671	3,057,470	(25,436,444)	(33,708,575)
Gross Benefit Payments	(5,866,938)	(6,294,749)	(5,927,077)	(6,259,886)
Contribution from the Member	<u>177,832</u>	<u>186,584</u>	<u>204,855</u>	<u>230,505</u>
Net Change in Total OPEB Liability	131,941,285	(16,597,941)	(33,488,188)	(18,711,934)
Total OPEB Liability - Beginning of Year	<u>205,060,604</u>	<u>221,658,545</u>	<u>255,146,733</u>	<u>273,858,667</u>
Total OPEB Liability - End of Year	<u>\$ 337,001,889</u>	<u>\$ 205,060,604</u>	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
District's Proportionate Share of OPEB Liability	-	-	-	-
State's Proportionate Share of OPEB Liability	<u>\$ 337,001,889</u>	<u>\$ 205,060,604</u>	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
Total OPEB Liability - End of Year	<u>\$ 337,001,889</u>	<u>\$ 205,060,604</u>	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
District's Covered Payroll	<u>\$ 75,243,283</u>	<u>\$ 73,690,231</u>	<u>\$ 70,667,156</u>	<u>\$ 71,196,604</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%	0%

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Nonpublic								Student Activity/ Athletics	Scholarship	Perkins	IDEA Part B-Preschool	Page 2 Totals	Grand Totals
	Nursing	Textbooks	Suppl.Inst.	Comp. Ed.	Exam. and Class.	Corrective Speech	Security	Transportation						
REVENUES														
Intergovernmental														
State	\$ 136,986	\$ 78,256	\$ 37,236	\$ 64,447	\$ 38,225	\$ 19,949	\$ 234,675	\$ 8,994					\$ 4,497,335	\$ 5,116,103
Federal										\$ 18,189	\$ 47,312		4,065,948	4,131,449
Local														
Miscellaneous	-	-	-	-	-	-	-	-	\$ 147,750	\$ 2	-	-	239,891	387,643
Total Revenues	\$ 136,986	\$ 78,256	\$ 37,236	\$ 64,447	\$ 38,225	\$ 19,949	\$ 234,675	\$ 8,994	\$ 147,750	\$ 2	\$ 18,189	\$ 47,312	\$ 8,803,174	\$ 9,635,195
EXPENDITURES														
Instruction														
Salaries of Teachers												\$ 33,111	1,850,816	1,883,927
Salaries of Other Professional Staff													412,432	412,432
Other Salaries for Instruction													520,361	520,361
Other Salaries													278,343	278,343
Purchased Technical Services							\$ 234,675				\$ 4,950			239,625
Purchased Prof. and Technical Services													243,182	243,182
Purchased Prof- Educational Services			\$ 37,236	\$ 64,447	\$ 38,225	\$ 19,949		\$ 8,994					71,056	239,907
Other Purchased Services													887,513	887,513
General Supplies											7,799		686,443	694,242
Textbooks		\$ 78,256											-	78,256
Co-Curricular Student Activities and Athletics									\$ 167,437				-	167,437
Other Objects											210		-	210
Total Instruction	-	78,256	37,236	64,447	38,225	19,949	234,675	8,994	167,437	-	12,959	33,111	4,950,146	5,645,435
Support Services														
Salaries of Supervisors of Instruction													131,446	131,446
Salaries of Secretarial and Clerical Asst.													49,731	49,731
Other Salaries for Instruction											1,728		5,628	7,356
Other Salaries													652,094	652,094
Personal Services - Employee Benefits												14,201	1,490,175	1,504,376
Purchased Prof. and Educational Svcs													487,887	487,887
Other Purchased Professional- Educational Services	\$ 136,986												-	136,986
Purchased Prof. and Technical Svcs													125,930	125,930
Contracted Services- Transportation													420,000	420,000
Other Purchased Services											2,102		158,036	160,138
Supplies and Materials													309,616	309,616
Other Objects											1,400		-	1,400
Total Support Services	136,986	-	-	-	-	-	-	-	-	-	5,230	14,201	3,830,543	3,986,960
Facilities Acquisition and Construction														
Services														
Instructional Equipment													22,485	22,485
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-	-	-	-	22,485	22,485
Total Special Revenue Expenditures	\$ 136,986	\$ 78,256	\$ 37,236	\$ 64,447	\$ 38,225	\$ 19,949	\$ 234,675	\$ 8,994	\$ 167,437	\$ -	\$ 18,189	\$ 47,312	\$ 8,803,174	\$ 9,654,880
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-	-	-	-	(19,687)	2	-	-	-	(19,685)
Beginning Balance, as Restated	-	-	-	-	-	-	-	-	261,250	1,373	-	-	-	262,623
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,563	\$ 1,375	\$ -	\$ -	\$ -	\$ 242,938

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Salaries of Teachers	\$ 2,622,381	\$ 1,673,303	\$ 949,078
Other Salaries for Instruction	1,145,723	520,361	625,362
Purchased Professional and Educational Services	20,000	4,211	15,789
General Supplies	132,692	117,468	15,224
Other Objects	-	-	-
	<u>3,920,796</u>	<u>2,315,343</u>	<u>1,605,453</u>
Total Instruction			
Support Services			
Salaries of Supervisor of Instruction	130,494	131,446	(952)
Salaries of Other Professional Staff	50,000		50,000
Salaries of Secretarial and Clerical Asst.	42,369	49,731	(7,362)
Other Salaries	50,000	249,868	(199,868)
Salaries of Master Teachers	267,680		267,680
Personal Services - Employee Benefits	1,694,224	1,317,700	376,524
Other Purchased Professional- Educational Services	33,000	6,930	26,070
Contracted Services- Transportation (Between Home & School)	500,000	420,000	80,000
Contracted Services- Transportation (Field Trips)	33,000		33,000
Other Purchased Services	10,000	598	9,402
General Supplies	148,792	5,719	143,073
	<u>2,959,559</u>	<u>2,181,992</u>	<u>777,567</u>
Total Support Services			
Facilities, Acquisition and Construction Services			
Instructional Equipment	100,000		100,000
Non-Instructional Equipment	829,137	-	829,137
	<u>929,137</u>	<u>-</u>	<u>929,137</u>
Total Facilities, Acquisition and Construction Services			
	<u>\$ 7,809,492</u>	<u>\$ 4,497,335</u>	<u>\$ 3,312,157</u>

SUMMARY OF LOCATION TOTALS

Total 2020-2021 Preschool Education Aid Allocation	\$ 5,898,264
Add: Budgeted Transfer from General Fund- 2020/2021 Inclusion	150,000
Actual Preschool Education Carryover (June 30, 2020)	<u>1,997,008</u>
Total Preschool Education Aid Funds Available for 2020-2021 Budget	8,045,272
Less: 2020-2021 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>7,809,492</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2021	235,780
Add: 2020-2021 Unexpended Preschool Education Aid	<u>3,397,936</u>
2020-2021 Actual Carryover - Preschool Education Aid	<u>\$ 3,633,716</u>
2020-2021 Preschool Education Aid Carryover Budgeted in 2021-2022	<u>\$ 1,997,008</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
STATEMENT OF STUDENT ACTIVITIES RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Balance, July 1, <u>2020</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2021</u>
ELEMENTARY SCHOOLS				
Franklin Park	\$ 5,484	\$ 371	\$ 57	\$ 5,798
Sampson G. Smith	39,181	9,690	9,443	39,428
MIDDLE SCHOOL	10,929	6,026	10,132	6,823
HIGH SCHOOL	172,723	124,237	118,483	178,477
ATHLETICS	<u>32,933</u>	<u>7,426</u>	<u>29,322</u>	<u>11,037</u>
Total	<u>\$ 261,250</u>	<u>\$ 147,750</u>	<u>\$ 167,437</u>	<u>\$ 241,563</u>

CAPITAL PROJECTS FUND

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Adjustment- SDA Grant</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2021</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Sampson G. Smith HVAC	\$ 200,120		\$ 184,889		\$ 15,231
Energy Savings Incentive Program	7,735,000		7,622,459		112,541
Various renovations, alterations and improvements to all district schools- 2014 Referendum	87,811,464	\$ (256,195)	83,107,456	\$ 1,371,646	3,076,167
Sampson G. Smith- Girls Locker Room	567,375		117,491		449,884
Franklin High School- Paving	70,000		32,147		37,853
Franklin Park School- Paving	46,880		22,162		24,718
Franklin High School- Concession Stand	1,302,983		1,302,983		-
Sampson G. Smith- Kitchen	908,940	-	879,678		29,262
Franklin High School Tennis Courts	1,098,027	-	919,018	-	179,009
FY 20 Various Capital Improvements	<u>8,068,091</u>	<u>-</u>	<u>2,791,265</u>	<u>4,842,238</u>	<u>434,588</u>
	<u>\$ 107,808,880</u>	<u>\$ (256,195)</u>	<u>\$ 96,979,548</u>	<u>\$ 6,213,884</u>	<u>\$ 4,359,253</u>
Project Balances					\$ 4,359,253
Reserve for Payment of Lease Purchase					5,038
Debt Authorized But Not Issued					(257)
Unrealized SDA Grant					<u>(79,705)</u>
Fund Balance- GAAP Basis					<u>\$ 4,284,329</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted					
Capital Projects					\$ 3,688,781
Debt Service					5,038
Committed					
Encumbrances					<u>590,510</u>
Total Fund Balance-Restricted for Capital Projects					<u>\$ 4,284,329</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Revenues and Other Financing Sources**Revenues**

Interest Earnings	\$	5,537
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Other Financing Sources

Transfer from Capital Reserve		3,585,000
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Total Revenues and Other Financing Sources		3,590,537
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Expenditures and Other Financing Uses**Expenditures**

Purchased Professional and Technical Services		229,630
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Construction Services		5,940,980
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Equipment		33,335
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Supplies		9,027
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Other Objects		912
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Other Financing Uses

Transfer to General Fund		5,537
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Total Expenditures and Other Financing Uses		6,219,421
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Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses		(2,628,884)
--	--	-------------

Fund Balance - Beginning of Year		6,992,918
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Fund Balance - End of Year		4,364,034
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Reconciliation to GAAP

Unearned Revenue - SDA Grant		(79,705)
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Fund Balance- End of Year GAAP Basis		\$ 4,284,329
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Analysis of Fund Balance:

Restricted for Capital Projects	\$	3,688,781
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Restricted for Debt Service		5,038
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Committed- Purchases on Order		590,510
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	\$	4,284,329
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH HVAC UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ENERGY SAVINGS INCENTIVE PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND**

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS**

**VARIOUS RENOVATIONS, ALTERATIONS AND IMPROVEMENTS TO ALL DISTRICT SCHOOLS (REFERENDUM)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 81,480,000		\$ 81,480,000	\$ 81,480,000
State Sources- SDA Grant	3,160,874		3,160,874	3,160,874
Transfer from Capital Reserve	<u>2,914,140</u>	<u>-</u>	<u>2,914,140</u>	<u>2,914,140</u>
 Total Revenues and Other Financing Sources	 <u>87,555,014</u>	 <u>-</u>	 <u>87,555,014</u>	 <u>87,555,014</u>
 EXPENDITURES AND OTHER FINANCING USES				
Salaries	51,628		51,628	
Purchased Professional and Technical Services	7,888,517	\$ 145,155	8,033,672	
Rentals	9,313		9,313	
Construction Services	72,958,003	1,183,217	74,141,220	87,555,014
Equipment	67,791	33,335	101,126	
Supplies	1,408,337	9,027	1,417,364	
Other Objects	<u>723,869</u>	<u>912</u>	<u>724,781</u>	<u>-</u>
 Total Expenditures and other Financing Uses	 <u>83,055,830</u>	 <u>1,371,646</u>	 <u>84,479,104</u>	 <u>87,555,014</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 4,499,184</u>	 <u>\$ (1,371,646)</u>	 <u>\$ 3,075,910</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	Various - See Below
Grant Date	Various - See Below
Bond Issue Date	2/26/2015
Bonds Issued	\$ 81,480,000
Original Authorized Cost	\$ 84,897,326
Revised Authorized Cost	\$ 87,555,014
 Percentage Completion	 99.5%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2020/2021

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH- GIRLS LOCKER ROOM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL- PAVING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
FRANKLIN PARK SCHOOL- PAVING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Additional Project Information:

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL CONCESSION STAND
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH-KITCHEN UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL- TENNIS COURTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Additional Project Information:

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

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS CAPITAL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Outlay	\$ 1,158,091		\$ 1,158,091	\$ 1,158,091
Transfer from Capital Reserve	<u>3,325,000</u>	<u>\$ 3,585,000</u>	<u>6,910,000</u>	<u>6,910,000</u>
 Total Revenues and Other Financing Sources	 <u>4,483,091</u>	 <u>3,585,000</u>	 <u>8,068,091</u>	 <u>8,068,091</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	145,832	84,475	230,307	372,750
Construction Services	<u>2,645,433</u>	<u>4,757,763</u>	<u>7,403,196</u>	<u>7,695,341</u>
 Total Expenditures and other Financing Uses	 <u>2,791,265</u>	 <u>4,842,238</u>	 <u>7,633,503</u>	 <u>8,068,091</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 1,691,826</u>	 <u>\$ (1,257,238)</u>	 <u>\$ 434,588</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 4,483,091
Revised Authorized Cost	\$ 8,068,091

Percentage Completion	95%
Original Target Completion Date	2020/2021
Revised Target Completion Date	2020/2021

ENTERPRISE FUNDS

EXHIBIT G-1

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2020</u>	<u>Decreased</u>	<u>Balance, June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	6/25/2009	\$ 24,970,000	8/15/2021	\$ 2,340,000	5.000%	\$ 7,060,000	\$ 2,340,000	\$ 4,720,000
			8/15/2022	1,335,000	5.000%			
			8/15/2022	1,000,000	4.000%			
			8/15/2023	45,000	4.000%			
2015 School Bonds	2/10/2015	\$ 81,480,000	2/1/2022	3,880,000	3.000%	68,200,000	3,775,000	64,425,000
			2/1/2023	3,985,000	3.000%			
			2/1/2024	4,105,000	3.000%			
			2/1/2025	4,230,000	3.000%			
			2/1/2026	4,360,000	3.000%			
			2/1/2027	4,500,000	3.000%			
			2/1/2028	4,640,000	3.000%			
			2/1/2029	4,785,000	3.000%			
			2/1/2030	4,940,000	3.000%			
			2/1/2031	5,000,000	3.000%			
			2/1/2032	5,000,000	3.000%			
			2/1/2033	5,000,000	3.125%			
			2/1/2034	5,000,000	3.250%			
			2/1/2035	5,000,000	4.000%			
Refunding School Bonds	5/26/2016	\$ 8,700,000	8/15/2023	2,160,000	3.000%	8,700,000	-	8,700,000
			8/15/2024	2,220,000	3.000%			
			8/15/2025	2,180,000	4.000%			
			8/15/2026	2,140,000	4.000%			
						<u>\$ 83,960,000</u>	<u>\$ 6,115,000</u>	<u>\$ 77,845,000</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR JUNE 30, 2021**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
Lease Purchase Agreement - ESIP	2.747%	\$ 7,534,000	\$ 6,507,000		\$ 278,000	\$ 6,229,000
Chrome Books- 2019 (supplies)	2.857%	2,110,693	1,057,607		521,356	536,251
MacBooks- 2019 (supplies)	0.000%	1,184,521	592,261		296,130	296,131
MacBooks- 2021 (supplies)	0.000%	<u>1,309,197</u>	<u>-</u>	<u>\$ 1,309,197</u>	<u>-</u>	<u>1,309,197</u>
		<u>\$ 12,138,411</u>	<u>\$ 8,156,868</u>	<u>\$ 1,309,197</u>	<u>\$ 1,095,486</u>	<u>\$ 8,370,579</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance-Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 7,880,853	-	\$ 7,880,853	\$ 7,880,853	-
State Sources					
Debt Service Aid	<u>937,147</u>	<u>-</u>	<u>937,147</u>	<u>937,147</u>	<u>-</u>
Total Revenues	<u>8,818,000</u>	<u>-</u>	<u>8,818,000</u>	<u>8,818,000</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Principal	6,115,000	-	6,115,000	6,115,000	-
Interest on Bonds	<u>2,703,000</u>	<u>-</u>	<u>2,703,000</u>	<u>2,703,000</u>	<u>-</u>
Total Expenditures	<u>8,818,000</u>	<u>-</u>	<u>8,818,000</u>	<u>8,818,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 (restated)	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 43,142,234	\$ 43,659,102	\$ 45,676,154	\$ 41,256,919	\$ 48,328,719	\$ 51,827,177	\$ 62,613,681	\$ 44,040,614	\$ 50,024,411	\$ 57,367,427
Restricted	2,418,650	2,378,881	4,816,020	14,424,083	12,383,678	18,044,824	15,455,281	13,080,332	17,028,496	17,354,981
Unrestricted	<u>(531,325)</u>	<u>(489,287)</u>	<u>(40,173,039)</u>	<u>(40,472,737)</u>	<u>(40,364,250)</u>	<u>(43,909,435)</u>	<u>(46,286,757)</u>	<u>(50,110,540)</u>	<u>(52,072,020)</u>	<u>(47,331,208)</u>
Total Governmental Activities Net Position	\$ 45,029,559	\$ 45,548,696	\$ 10,319,135	\$ 15,208,265	\$ 20,348,147	\$ 25,962,566	\$ 31,782,205	\$ 7,010,406	\$ 14,980,887	\$ 27,391,200
Business-Type Activities										
Investment in Capital Assets	\$ 335,719	\$ 369,629	\$ 406,306	\$ 444,798	\$ 418,684	\$ 814,088	\$ 805,981	\$ 624,205	\$ 757,576	\$ 710,768
Restricted										
Unrestricted	<u>1,012,874</u>	<u>739,631</u>	<u>(1,601,375)</u>	<u>(1,234,507)</u>	<u>(1,061,651)</u>	<u>(1,217,275)</u>	<u>(696,702)</u>	<u>1,181,260</u>	<u>1,033,870</u>	<u>1,764,036</u>
Total Business-Type Activities Net Position	\$ 1,348,593	\$ 1,109,260	\$ (1,195,069)	\$ (789,709)	\$ (642,967)	\$ (403,187)	\$ 109,279	\$ 1,805,465	\$ 1,791,446	\$ 2,474,804
District-Wide										
Net Investment in Capital Assets	\$ 43,477,953	\$ 44,028,731	\$ 46,082,460	\$ 41,701,717	\$ 48,747,403	\$ 52,641,265	\$ 63,419,662	\$ 44,664,819	\$ 50,781,987	\$ 58,078,195
Restricted	2,418,650	2,378,881	4,816,020	14,424,083	12,383,678	18,044,824	15,455,281	13,080,332	17,028,496	17,354,981
Unrestricted	<u>481,549</u>	<u>250,344</u>	<u>(41,774,414)</u>	<u>(41,707,244)</u>	<u>(41,425,901)</u>	<u>(45,126,710)</u>	<u>(46,983,459)</u>	<u>(48,929,280)</u>	<u>(51,038,150)</u>	<u>(45,567,172)</u>
Total District Net Position	\$ 46,378,152	\$ 46,657,956	\$ 9,124,066	\$ 14,418,556	\$ 19,705,180	\$ 25,559,379	\$ 31,891,484	\$ 8,815,871	\$ 16,772,333	\$ 29,866,004

Note 1 - Net position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pension".

Note 3 - Fund Balances at June 30, 2020 have been restated to reflect the implementation of GASB No. 84 "Fiduciary Activities".

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 52,508,130	\$ 57,429,491	\$ 56,162,752	\$ 65,459,896	\$ 73,391,280	\$ 78,178,024	\$ 82,444,687	\$ 82,813,828	\$ 80,580,044	\$ 89,174,956
Special Education	25,023,891	27,728,427	26,765,570	30,420,992	30,163,329	32,394,349	32,967,859	30,753,643	32,483,731	37,280,395
Vocational- Tuition	250,761	194,464	200,630	155,650	215,633	207,875	213,482	261,392	259,942	209,766
Other Instruction	5,248,842	5,412,521	5,728,808	6,549,875	4,264,395	8,437,515	8,350,055	8,976,461	8,602,534	9,368,249
School Sponsored Activities And Athletics	1,754,456	1,771,383	1,792,310	2,231,855	2,961,270	2,576,267	2,591,286	2,411,582	2,316,645	2,312,953
Support Services:										
Student & Instruction Related Services	19,962,740	19,802,557	18,398,799	18,343,728	21,534,055	23,648,296	25,286,241	25,575,140	24,335,526	24,315,008
School Administrative Services	6,372,457	6,913,611	7,080,686	8,091,290	8,048,181	9,044,353	9,386,829	9,576,676	9,556,210	10,323,389
General Administration	2,279,687	2,735,360	2,547,296	2,268,730	2,519,964	2,602,963	2,959,436	2,714,208	2,912,838	2,860,450
Plant Operations And Maintenance	13,224,205	13,992,340	14,556,907	16,484,904	17,306,672	17,727,151	18,678,318	23,154,959	19,755,230	19,522,304
Pupil Transportation	13,034,098	13,875,038	14,071,942	14,119,145	13,746,290	14,113,143	14,050,861	13,316,912	12,764,018	11,374,087
Other Support Services	2,737,984	3,008,990	3,203,842	3,302,460	3,086,455	3,962,167	4,328,175	4,019,780	2,963,546	4,222,529
Special Schools										
Interest On Long-Term Debt	1,857,458	1,631,754	1,449,161	2,387,803	3,910,083	3,765,864	3,458,717	3,349,598	3,088,036	2,511,922
Total Governmental Activities Expenses	<u>144,254,709</u>	<u>154,495,936</u>	<u>151,958,703</u>	<u>169,816,328</u>	<u>181,147,607</u>	<u>196,657,967</u>	<u>204,715,946</u>	<u>206,924,179</u>	<u>199,618,300</u>	<u>213,476,008</u>
Business-Type Activities:										
Food Service	2,791,092	3,235,950	3,197,377	3,415,527	3,903,479	3,679,443	3,207,689	3,669,174	3,087,479	2,847,126
Child Care	884,280	960,597	827,389	724,928	720,952	789,480	818,595	1,052,787	398,804	251,344
Other Business-Types	4,975	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expense	<u>3,680,347</u>	<u>4,196,547</u>	<u>4,024,766</u>	<u>4,140,455</u>	<u>4,624,431</u>	<u>4,468,923</u>	<u>4,026,284</u>	<u>4,721,961</u>	<u>3,486,283</u>	<u>3,098,470</u>
Total District Expenses	<u>\$ 147,935,056</u>	<u>\$ 158,692,483</u>	<u>\$ 155,983,469</u>	<u>\$ 173,956,783</u>	<u>\$ 185,772,038</u>	<u>\$ 201,126,890</u>	<u>\$ 208,742,230</u>	<u>\$ 211,646,140</u>	<u>\$ 203,104,583</u>	<u>\$ 216,574,478</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 165,595	\$ 197,090	\$ 224,759	\$ 340,224	\$ 492,641	\$ 501,492	\$ 454,345	\$ 85,455	\$ 283,417	\$ 286,149
Pupil Transportation	4,862	2,210	6,713	10,327	17,680	4,041	22,958			
Operations and Maintenance			6,967	14,803	27,219	35,142	22,000	19,365	11,974	4,980
Central And Other Support Services										
Operating Grants And Contributions	21,655,220	24,945,853	23,255,831	37,566,708	43,431,077	55,288,979	61,786,833	53,013,409	49,031,286	65,649,610
Capital Grants And Contributions	-	-	33,008	681,110	1,966,585	833,578	384,562	859,068	214,128	22,485
Total Governmental Activities Program Revenues	<u>21,825,677</u>	<u>25,145,153</u>	<u>23,527,278</u>	<u>38,613,172</u>	<u>45,935,202</u>	<u>56,663,232</u>	<u>62,670,698</u>	<u>53,977,297</u>	<u>49,540,805</u>	<u>65,963,224</u>

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-Type Activities:										
Charges For Services										
Food Service	\$ 1,209,131	\$ 1,335,967	\$ 1,231,275	\$ 1,345,128	\$ 1,280,300	\$ 1,273,769	\$ 1,214,783	\$ 1,206,869	\$ 786,919	\$ 938,734
Child Care	887,099	828,992	779,896	892,225	875,555	931,737	787,705	757,065	657,355	90,954
Other Business-Types										
Operating Grants And Contributions	1,663,011	1,790,184	2,159,203	2,306,793	2,613,245	2,677,555	2,521,957	2,478,996	2,005,576	2,748,677
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	3,759,241	3,955,143	4,170,374	4,544,146	4,769,100	4,883,061	4,524,445	4,442,930	3,449,850	3,778,365
Total District Program Revenues	\$ 25,584,918	\$ 29,100,296	\$ 27,697,652	\$ 43,157,318	\$ 50,704,302	\$ 61,546,293	\$ 67,195,143	\$ 58,420,227	\$ 52,990,655	\$ 69,741,589
Net (Expense)/Revenue										
Governmental Activities	\$ (122,429,032)	\$ (129,350,783)	\$ (128,431,425)	\$ (131,203,156)	\$ (135,212,405)	\$ (139,994,735)	\$ (142,045,248)	\$ (152,946,882)	\$ (150,077,495)	\$ (147,512,784)
Business-Type Activities	78,894	(241,404)	145,608	403,691	144,669	414,138	498,161	(279,031)	(36,433)	679,895
Total District-Wide Net Expense	\$ (122,350,138)	\$ (129,592,187)	\$ (128,285,817)	\$ (130,799,465)	\$ (135,067,736)	\$ (139,580,597)	\$ (141,547,087)	\$ (153,225,913)	\$ (150,113,928)	\$ (146,832,889)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, General Purposes	\$ 116,566,508	\$ 119,844,543	\$ 122,328,118	\$ 124,774,680	\$ 127,310,166	\$ 129,856,369	\$ 132,453,496	\$ 137,531,420	\$ 141,128,111	\$ 145,192,531
Property Taxes, Debt Service	5,179,875	4,998,351	4,824,932	4,626,751	6,830,644	8,171,550	8,095,840	7,832,968	8,010,008	7,880,853
Federal and State Aid Unrestricted	5,394,973	5,723,451	5,667,033	5,652,255	5,606,723	6,118,413	6,162,208	6,173,944	6,175,145	6,178,020
Investment Earnings	20,304	17,668	21,682	53,351	277,087	607,324	517,945	724,612	539,160	126,576
Miscellaneous Income	742,648	229,302	410,355	985,249	327,667	676,348	635,398	1,936,577	623,420	545,117
Transfers	-	-	-	-	-	179,150	-	-	-	-
Total Governmental Activities	127,904,308	130,813,315	133,252,120	136,092,286	140,352,287	145,609,154	147,864,887	154,199,521	156,475,844	159,923,097
Business-Type Activities:										
Investment Earnings	2,246	2,071	1,985	1,669	2,073	4,792	14,305	37,928	22,414	3,463
Miscellaneous Income										
Transfers	-	-	-	-	-	(179,150)	-	-	-	-
Total Business-Type Activities	2,246	2,071	1,985	1,669	2,073	(174,358)	14,305	37,928	22,414	3,463
Total District-Wide	\$ 127,906,554	\$ 130,815,386	\$ 133,254,105	\$ 136,093,955	\$ 140,354,360	\$ 145,434,796	\$ 147,879,192	\$ 154,237,449	\$ 156,498,258	\$ 159,926,560
Change in Net Position										
Governmental Activities	\$ 5,475,276	\$ 1,462,532	\$ 4,820,695	\$ 4,889,130	\$ 5,139,882	\$ 5,614,419	\$ 5,819,639	\$ 1,252,639	\$ 6,398,349	\$ 12,410,313
Business-Type Activities	81,140	(239,333)	147,593	405,360	146,742	239,780	512,466	(241,103)	(14,019)	683,358
Total District	\$ 5,556,416	\$ 1,223,199	\$ 4,968,288	\$ 5,294,490	\$ 5,286,624	\$ 5,854,199	\$ 6,332,105	\$ 1,011,536	\$ 6,384,330	\$ 13,093,671

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 47,811	\$ 98,510	\$ 5,500	\$ 35,335	\$ 21,876	\$ 12,200	\$ 12,200			
Restricted	2,408,526	1,484,755	5,047,571	7,841,547	13,106,296	16,663,302	17,411,830	\$ 15,718,429	17,052,241	20,543,544
Committed							694,066	1,841,766	560,940	-
Assigned	2,055,391	2,200,295	2,036,714	1,189,076	118,255	253,335	832,138	1,219,687	2,365,147	815,901
Unassigned	<u>537,201</u>	<u>178,520</u>	<u>201,785</u>	<u>277,833</u>	<u>284,642</u>	<u>580,418</u>	<u>813,838</u>	<u>694,680</u>	<u>577,727</u>	<u>3,623,344</u>
Total General Fund	<u>\$ 5,048,929</u>	<u>\$ 3,962,080</u>	<u>\$ 7,291,570</u>	<u>\$ 9,343,791</u>	<u>\$ 13,531,069</u>	<u>\$ 17,509,255</u>	<u>\$ 19,764,072</u>	<u>\$ 19,474,562</u>	<u>\$ 20,556,055</u>	<u>\$ 24,982,789</u>
All Other Governmental Funds										
Restricted	\$ 10,124	\$ 2,316,066	\$ 678,169	\$ 90,335,118	\$ 80,207,818	\$ 56,933,623	\$ 19,888,865	\$ 8,183,410	\$ 7,175,836	\$ 4,527,267
Unassigned	<u>(119,872)</u>	<u>(42,798)</u>	<u>(83,684)</u>	<u>(82,338)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(497,877)</u>	<u>(589,826)</u>
Total All Other Governmental Funds	<u>\$ (109,748)</u>	<u>\$ 2,273,268</u>	<u>\$ 594,485</u>	<u>\$ 90,252,780</u>	<u>\$ 80,207,818</u>	<u>\$ 56,933,623</u>	<u>\$ 19,888,865</u>	<u>\$ 8,183,410</u>	<u>\$ 6,677,959</u>	<u>\$ 3,937,441</u>

Note - Fund Balances at June 30, 2020 have been restated to reflect the implementation of GASB No. 84 "Fiduciary Activities".

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property Tax Levy	\$ 121,746,383	\$ 124,842,894	\$ 127,153,050	\$ 129,401,431	\$ 134,140,810	\$ 138,027,919	\$ 140,549,336	\$ 145,364,388	\$ 149,138,119	\$ 153,073,384
Interest Earnings	20,304	17,668	21,682	53,351	277,087	607,324	517,945	724,612	539,160	126,576
Miscellaneous	941,205	514,069	656,704	1,351,593	881,268	1,677,775	1,147,666	2,058,835	940,844	1,076,909
State Sources	24,265,977	27,154,099	25,646,793	27,934,086	30,928,420	33,493,455	36,199,353	40,512,536	41,780,760	47,280,087
Federal Sources	2,756,116	3,429,738	3,301,169	3,768,046	3,766,543	3,642,261	3,494,233	3,338,594	3,255,925	4,504,773
Total Revenue	149,729,985	155,958,468	156,779,398	162,508,507	169,994,128	177,448,734	181,908,533	191,998,965	195,654,808	206,061,729
Expenditures										
Instruction										
Regular Instruction	51,260,986	56,143,236	54,732,571	56,656,766	61,155,988	62,041,442	66,453,755	74,343,790	74,198,430	80,359,607
Special Education Instruction	23,478,244	27,328,262	26,318,104	27,444,933	26,605,432	27,558,120	27,601,435	27,989,359	30,291,516	34,142,889
Vocational Education- Tuition	250,761	192,500	200,630	155,650	215,633	207,875	213,482	261,392	259,942	209,766
Other Instruction	5,267,425	5,416,071	5,710,428	5,615,190	4,264,542	6,538,363	6,360,406	7,696,343	7,671,057	8,098,514
School Sponsored Activities and Athletics	1,759,726	1,771,816	1,787,615	1,780,494	2,305,978	2,020,633	2,041,598	2,086,445	2,077,838	1,997,636
Support Services:										
Student and Inst. Related Services	21,105,381	19,779,023	18,318,408	17,830,765	20,358,885	20,539,951	21,388,567	23,443,429	23,127,780	22,283,702
School Administrative Services	6,321,732	6,857,877	7,000,686	7,306,968	6,968,106	7,244,714	7,439,705	8,484,944	8,833,825	9,204,882
General Administrative	2,251,227	2,594,094	2,486,621	2,197,604	2,429,740	2,420,246	2,731,384	2,634,719	2,874,155	2,763,096
Plant Operations And Maintenance	12,957,922	13,672,081	14,210,136	16,007,608	16,665,237	16,272,328	16,478,657	18,039,493	15,095,317	14,677,034
Pupil Transportation	12,750,025	13,274,603	13,463,141	13,477,190	13,087,024	13,456,970	13,245,003	13,180,793	12,666,835	11,241,673
Other Support Services	2,639,022	2,894,371	3,079,272	3,127,798	2,907,905	3,440,528	3,630,295	3,664,299	2,799,793	3,885,906
Capital Outlay	2,226,152	2,796,427	2,213,056	2,755,435	10,879,891	24,647,177	39,484,936	15,038,020	7,364,709	6,876,304
Debt Service:										
Principal	3,350,000	4,049,267	4,074,459	4,035,028	4,085,717	6,691,529	5,915,000	6,920,341	7,082,005	7,210,486
Interest and Other Charges	1,829,875	1,826,494	1,533,564	1,421,562	4,029,647	3,844,017	3,714,251	3,505,777	3,307,696	2,733,215
Total Expenditures	147,448,478	158,596,122	155,128,691	159,812,991	175,959,725	196,923,893	216,698,474	207,289,144	197,650,898	205,684,710
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	2,281,507	(2,637,654)	1,650,707	2,695,516	(5,965,597)	(19,475,159)	(34,789,941)	(15,290,179)	(1,996,090)	377,019
Other Financing Sources (Uses)										
Refunding Bonds Issued		3,220,000	-	-	8,700,000					
Payment to Refunded Bond Escrow Agent		(3,258,625)	-	-	(9,851,130)					
Original Issue Premium		122,446	-	-	1,259,043					
Bond Proceeds				81,480,000	-	-	-	-		
Lease Purchase Proceeds		3,850,000	-	7,535,000	-	-	-	3,295,214		1,309,197
Transfers In	536,238	1,344,066	409,041	4,323,252	4,081,918	2,618,928	6,226,843	382,455	4,548,213	3,590,537
Transfers Out	(536,238)	(1,344,066)	(409,041)	(4,323,252)	(4,081,918)	(2,439,778)	(6,226,843)	(382,455)	(4,548,213)	(3,590,537)
Total Other Financing Sources (Uses)	-	3,933,821	-	89,015,000	107,913	179,150	-	3,295,214	-	1,309,197
Net Change in Fund Balances	\$ 2,281,507	\$ 1,296,167	\$ 1,650,707	\$ 91,710,516	\$ (5,857,684)	\$ (19,296,009)	\$ (34,789,941)	\$ (11,994,965)	\$ (1,996,090)	\$ 1,686,216
Debt Service as a Percentage of Noncapital Expenditures	3.57%	3.77%	3.67%	3.47%	4.92%	6.12%	5.43%	5.42%	5.46%	5.00%

* Noncapital expenditures are total expenditures less capital outlay.

Source: School District's financial statements

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u> *	<u>Energy Rebates & E-Rate</u>	<u>Sale of Computers & Related Supplies</u>	<u>Total</u>
2012	\$ 20,304	\$ 902,981			\$ 923,285
2013	17,410	428,602			446,012
2014	21,599	410,790			432,389
2015	41,665	1,308,881	\$ 40,743		1,391,289
2016	44,158	677,078	188,129		909,365
2017	109,925	1,069,285	147,738		1,326,948
2018	248,339	746,635	388,066		1,383,040
2019	593,931	609,172		\$ 1,327,405	2,530,508
2020	473,726	356,015	279,379		1,109,120
2021	121,039	659,256	29,240		809,535

Source: District Records

* Excludes tuition and transportation fees

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2012	\$ 135,353,750	\$ 6,011,415,000	\$ 55,514,100	\$ 1,512,771,600	\$ 870,587,700	\$ 380,959,000	\$ 8,966,601,150	\$ 13,443,173	\$ 8,980,044,323	\$ 8,716,929,024	\$ 1.373
2013	127,484,650	5,921,770,300	54,692,900	1,480,199,000	865,740,400	403,781,000	8,853,668,250	15,113,394	8,868,784,644	8,939,497,440	1.421
2014	129,253,500	5,983,129,300	55,672,600	1,465,301,800	881,516,000	423,310,000	8,938,183,200	12,878,452	8,951,061,702	8,934,609,316	1.434
2015	114,843,950	6,108,979,900	55,939,400	1,458,437,700	876,347,100	430,110,700	9,044,658,750	13,834,966	9,058,493,716	9,086,544,843	1.455
2016	105,991,250	6,264,115,500	55,385,000	1,439,253,800	892,254,300	474,560,700	9,231,560,550	14,642,198	9,246,202,748	9,190,912,559	1.472
2017	99,770,650	6,366,488,100	54,632,100	1,502,516,000	929,682,300	542,940,000	9,496,029,150	14,934,510	9,510,963,660	9,434,853,645	1.465
2018	101,772,150	6,521,617,200	55,014,600	1,498,053,600	1,001,819,500	613,370,000	9,791,647,050	15,544,197	9,807,191,247	10,002,118,920	1.458
2019	165,171,550	6,768,367,300	53,392,900	1,528,973,200	1,031,841,800	634,045,000	10,181,791,750	16,530,933	10,198,322,683	10,408,318,968	1.444
2020	161,988,450	6,957,200,600	53,604,200	1,649,645,200	1,035,058,400	684,985,000	10,542,481,850	17,052,879	10,559,534,729	10,676,804,338	1.431
2021	107,001,550	7,184,524,300	50,357,400	1,970,700	2,998,303,600	735,160,000	11,077,317,550	-	11,077,317,550	11,286,757,591	1.392

Source: County Abstract of Ratables

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

<u>Calendar Year</u>	<u>Local School</u>	<u>Municipal Tax</u>	<u>County Tax</u>	<u>Total Tax Levy</u>
2021	\$ 154,463,543	\$ 44,459,316	\$ 39,010,107	\$ 237,932,966
2020	151,105,752	44,004,169	36,842,867	231,952,788
2019	147,251,254	43,754,548	36,572,646	227,578,448
2018	142,956,862	43,408,523	35,001,914	221,367,299
2017	140,847,318	42,795,871	33,317,992	216,961,181
2016	136,084,365	42,597,608	32,194,174	210,876,147
2015	131,771,120	41,904,020	31,480,957	205,156,097
2014	128,277,241	40,774,660	30,571,732	199,623,633
2013	125,997,973	39,480,257	29,671,271	195,149,501
2012	123,294,639	38,261,670	29,745,051	191,301,359

Per \$100 Of Assessed Valuation

2021	1.392	0.400	0.353	2.145
2020	1.431	0.416	0.350	2.197
2019	1.444	0.428	0.360	2.232
2018	1.458	0.358	0.323	2.139
2017	1.465	0.449	0.348	2.262
2016	1.472	0.46	0.349	2.281
2015	1.455	0.462	0.348	2.265
2014	1.434	0.455	0.342	2.231
2013	1.421	0.445	0.335	2.201
2012	1.373	0.426	0.332	2.131

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

Taxpayer	2021	
	Taxable Assessed Value	% of Total District Net Assessed Value
Somerset Logistics Center ILP, LLC	\$ 139,000,000	1.255%
Morgan Stanley Mgt. % Frank Torres	101,060,000	0.912%
800 Cottontail, LLC % Sentinel Critica	95,029,696	0.858%
Franklin Greens c/o Fieldstone Properties	90,500,000	0.817%
Azurehgi Somerset LP, & ETC % Harbor	89,300,000	0.806%
Franklin Greens c/o Fieldstone Properties	81,600,000	0.737%
Green Hill Manor Villa, LLC	63,800,000	0.576%
PR KC Somersetownerco, LP Prudential	61,557,500	0.556%
Summerfields 360 LLC	59,500,000	0.537%
Suburban Partners % Fieldstone Properties	58,000,000	0.524%
	\$ 839,347,196	7.578%

Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value
I & G Garden State, LLC	\$ 119,660,000	1.330%
Morgan Stanley MGT % Frank Torres	81,464,000	0.907%
SHI International Corp.	58,542,000	0.652%
Corporate Reale Est. Holding % C&W Inc.	55,940,000	0.623%
Segal Realty Corp.	52,700,000	0.587%
Levin Properties	50,232,000	0.559%
Green Hil Manor Developers LLC	46,600,000	0.519%
Phillips Electronics	41,000,000	0.457%
La Fonge Associates	40,150,000	0.447%
Wood West Realty, LLC	39,600,000	0.441%
	\$ 585,888,000	6.522%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 121,746,383	\$ 121,193,063	99.55%	\$ 553,320
2013	124,842,894	124,842,894	100.00%	-
2014	127,153,050	127,153,050	100.00%	-
2015	129,401,431	129,401,431	100.00%	-
2016	134,140,810	134,140,810	100.00%	-
2017	138,027,919	138,027,919	100.00%	-
2018	140,549,336	140,549,336	100.00%	-
2019	145,364,388	145,364,388	100.00%	-
2020	149,138,119	149,138,119	100.00%	-
2021	153,073,384	153,073,384	100.00%	-

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchase Agreements			
2012	\$ 39,730,000		\$ 39,730,000	63,403	\$ 627
2013	36,460,000	\$ 3,095,733	39,555,733	64,755	611
2014	33,145,000	2,336,274	35,481,274	64,961	546
2015	111,360,000	9,101,246	120,461,246	65,290	1,845
2016	107,195,000	8,235,529	115,430,529	65,489	1,763
2017	101,510,000	7,229,000	108,739,000	65,683	1,656
2018	95,815,000	7,009,000	102,824,000	65,779	1,563
2019	89,980,000	9,218,873	99,198,873	65,852	1,506
2020	83,960,000	8,156,868	92,116,868	66,033	1,395
2021	77,845,000	8,370,579	86,215,579	66,033	1,306

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2012	\$ 39,730,000		\$ 39,730,000	0.44%	\$ 627
2013	36,460,000		36,460,000	0.41%	563
2014	33,145,000		33,145,000	0.37%	510
2015	111,360,000		111,360,000	1.23%	1,706
2016	107,195,000	\$ 18,276	107,176,724	1.16%	1,637
2017	101,510,000	209,062	101,300,938	1.07%	1,542
2018	95,815,000	203,025	95,611,975	0.97%	1,454
2019	89,980,000		89,980,000	0.88%	1,366
2020	83,960,000		83,960,000	0.80%	1,271
2021	77,845,000		77,845,000	0.70%	1,179

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
(Unaudited)**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Government</u>
Overlapping Debt Apportioned to the Municipality:			
Municipal Debt (1)			
Township of Franklin		100.00%	\$ 53,983,883
County Debt (2)			
Somerset County			69,394,639
Other (3)			
Franklin Township Sewerage Authority		100.00%	<u>19,946,684</u>
Total Overlapping Debt			143,325,206
Direct Debt- Franklin Township Public Schools (as of June 30, 2021)			<u>86,215,579</u>
Total Direct and Overlapping Debt			<u>\$ 229,540,785</u>

Source:

(1) Township's 2020 Annual Debt Statement

(2) The debt for this entity was apportioned to Township by dividing the municipality's 2020 equalized value by the total 2020 equalized value for Somerset County.

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 380,821,265	\$ 362,382,359	\$ 362,382,359	\$ 356,377,811	\$ 357,946,605	\$ 363,506,706	\$ 377,640,821	\$ 398,026,233	\$ 417,344,721	\$ 433,596,696
Total Net Debt Applicable to Limit	<u>39,730,638</u>	<u>36,460,000</u>	<u>33,145,000</u>	<u>111,360,257</u>	<u>107,195,257</u>	<u>101,510,257</u>	<u>95,815,257</u>	<u>89,980,257</u>	<u>83,960,257</u>	<u>77,845,257</u>
Legal Debt Margin	<u>\$ 341,090,627</u>	<u>\$ 325,922,359</u>	<u>\$ 329,237,359</u>	<u>\$ 245,017,554</u>	<u>\$ 250,751,348</u>	<u>\$ 261,996,449</u>	<u>\$ 281,825,564</u>	<u>\$ 308,045,976</u>	<u>\$ 333,384,464</u>	<u>\$ 355,751,439</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.43%	10.06%	9.15%	31.25%	29.95%	27.93%	25.37%	22.61%	20.12%	17.95%

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized valuation basis	
2020	\$ 11,309,248,927
2019	\$ 10,669,382,532
2018	<u>10,541,120,734</u>
	<u>\$ 32,519,752,193</u>
Average equalized valuation of taxable property	<u>\$ 10,839,917,398</u>
	433,596,696
Debt Limit	<u>77,845,257</u>
Legal debt margin	<u>\$ 355,751,439</u>

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

<u>Year Ended December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (Somerset County)</u>	<u>Population</u>
2012	8.0%	\$ 75,156	63,403
2013	8.3%	78,451	64,755
2014	7.3%	83,429	64,961
2015	5.7%	88,447	65,290
2016	4.9%	92,514	65,489
2017	4.6%	99,189	65,683
2018	4.2%	105,161	65,779
2019	3.8%	109,916	65,852
2020	3.3%	109,916	66,033
2021	8.5%	109,916	66,033

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

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

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	463	487	491	497	495	497	499	493	494	498
Special Education	296	277	279	281	285	286	292	296	298	301
Support Services:										
Student and Instruction Related Services	151	142	143	144	146	147	149	151	152	152
General Administration	7	7	6	6	6	6	6	6	6	6
School Administrative Services	49	47	46	46	46	47	47	47	47	47
Other Administrative Services										
Central Services	17	18	19	19	19	19	19	19	19	19
Administrative Information Technology	9	11	11	11	11	11	11	11	9	9
Plant Operations And Maintenance	144	148	147	146	146	146	146	146	146	147
Pupil Transportation	22	24	24	22	21	19	16	15	15	13
Total	<u>1,158</u>	<u>1,161</u>	<u>1,166</u>	<u>1,172</u>	<u>1,175</u>	<u>1,178</u>	<u>1,185</u>	<u>1,184</u>	<u>1,186</u>	<u>1,192</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2012	8,145	\$ 140,042,451	\$ 17,194	1.43%	641	12.07:01	9:08:01	12:01	7,767	7,420	-0.76%	95.53%
2013	8,281	149,923,934	18,105	5.30%	644	11.1:1	9.6:1	11.8:1	7,640	7,272	-1.66%	95.18%
2014	8,138	147,307,612	18,101	-0.02%	653	12.1:2	10.2:1	12.1:1	7,633	7,276	-0.09%	95.32%
2015	7,782	151,600,966	19,481	7.62%	659	11.7:1	10.0:1	10.8:1	7,494	7,144	-1.85%	95.33%
2016	7,560	156,964,470	20,762	6.58%	665	11.4:1	9.95:1	10.6:1	7,298	6,966	-2.69%	95.45%
2017	7,819	161,741,170	20,686	-0.37%	704	7.6:1	12.2:1	15.2:1	7,203	6,864	-1.32%	95.29%
2018	7,243	167,584,287	23,137	11.85%	692	7.4:1	10.5:1	11.4:1	7,097	6,736	-1.49%	94.91%
2019	7,802	181,825,006	23,305	0.72%	789	7.4:1	10.5:1	11.4:1	6,998	6,643	-1.41%	94.93%
2020	7,977	179,896,488	22,552	-3.23%	734	11.0:1	9.0:1	12.0:1	7,036	6,805	0.54%	96.72%
2021	7,936	188,864,705	23,798	5.53%	746	10.6:1	9.4:1	12.8:1	7,078	6,825	0.59%	96.43%

Sources: District records

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

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

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building											
<u>Elementary</u>											
Conerly Road School (1966, Add 1998)											
Square Feet		46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495
Capacity (students)		410	410	410	410	410	410	410	410	410	410
Enrollment		480	453	448	435	409	427	343	433	384	361
Elizabeth Ave School (1957, Add 1998, 2004)											
Square Feet	** (4)	48,919	48,919	48,919	48,919	58,159	58,159	58,159	58,159	58,159	58,159
Capacity (students)		513	513	513	513	513	513	513	513	513	513
Enrollment		624	624	653	659	617	582	544	531	494	526
Franklin Park School (1998)											
Square Feet		99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)		773	773	773	773	773	773	773	773	773	773
Enrollment (inc. Annex)		877	875	940	890	842	786	781	739	670	649
Franklin Park Annex (1957)											
Square Feet	** (1)	23,827	23,827	inc above	inc above	i inc above	i inc above	i inc above	i inc above	i inc above	i inc above
Capacity (students)		135	135	inc above	inc above	i inc above	i inc above	i inc above	i inc above	i inc above	i inc above
Enrollment		139	108	-	-	-	-	-	-	-	-
Hillcrest School (1958)											
Square Feet	** (2)	52,122	52,122	52,122	52,122	56,742	56,742	56,742	56,742	56,742	56,742
Capacity (students)		488	488	488	488	488	488	488	488	488	488
Enrollment		465	440	422	392	422	429	411	468	418	441
MacAfee Road School (1966, Add 2004)											
Square Feet	** (2)	46,449	46,449	46,449	46,449	51,069	51,069	51,069	51,069	51,069	51,069
Capacity (students)		432	432	432	432	432	432	432	432	432	432
Enrollment		492	470	447	429	413	396	395	418	382	383
Pine Grove Manor (1931, Add 2004)											
Square Feet	** (1)	51,212	51,212	51,212	51,212	53,522	53,522	53,522	53,522	53,522	53,522
Capacity (students)		400	400	400	400	400	400	400	400	400	400
Enrollment		439	443	414	396	385	388	345	381	372	374
Sampson G. Smith School (1968)- Middle School											
Square Feet	** (2)	134,290	134,290	134,290	134,290	138,910	138,910	138,910	138,910	138,910	138,910
Capacity (students)		1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051
Enrollment		1,164	1,136	1,134	1,086	1,031	1,027	1,036	855	812	772

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building										
Claremont Elementary (2018)										
Square Feet								123,665	123,665	123,665
Capacity (students)								1,004	1,004	1,004
Enrollment								708	691	736
<u>Middle School (2006) /High School (1960-2005)</u>										
Franklin Middle School (1960)										
Square Feet	228,078	222,553	222,553	222,553	222,553	222,553	222,553	222,553	222,553	222,553
Capacity (students)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Enrollment	1,055	1,060	1,092	1,084	1,093	1,042	980	819	686	794
<u>High School</u>										
Franklin High School (2005)										
Square Feet	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000
Capacity (students)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Enrollment	2,013	2,036	2,100	2,127	2,090	2,116	2,186	2,204	2,119	2,122

Number of Schools at June 30, 2021
 Elementary = 7
 Middle School = 2
 Senior High School = 1

Source: District Records

**Facility square footage includes trailers at site

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

<u>School Facilities</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Franklin Twp. High School	\$ 148,185	\$ 148,648	\$ 140,938	\$ 221,911	\$ 136,353	\$ 146,216	\$ 184,972	\$ 366,716	\$ 136,703	\$ 170,105
Franklin Middle School	140,082	115,695	119,165	93,287	164,207	73,032	158,936	211,493	105,450	167,848
Conerly Road School	15,145	16,368	8,348	30,656	15,955	10,527	43,974	33,249	15,347	23,651
Elizabeth Ave School	50,624	76,991	35,189	38,394	17,398	40,294	31,295	37,810	32,804	20,873
Franklin Park School	90,434	139,129	67,150	70,518	49,990	88,298	91,543	88,455	62,920	72,425
Hillcrest School	89,175	59,052	23,924	36,633	18,897	39,808	68,282	45,619	20,952	21,275
MacAfee Road School	61,531	75,516	31,004	85,723	21,035	14,700	47,370	23,168	35,912	33,448
Pine Grove Manor School	71,241	33,320	64,253	89,832	35,213	16,420	20,907	36,805	27,000	24,385
Sampson G. Smith School	72,249	143,202	136,736	97,752	44,107	98,946	106,047	95,461	58,110	50,167
Claremont Road School	-	-	-	-	-	-	-	14,817	25,989	41,075
Total School Facilities	\$ 738,666	\$ 807,921	\$ 626,707	\$ 764,706	\$ 503,155	\$ 528,241	\$ 753,326	\$ 953,593	\$ 521,187	\$ 625,252
<u>Other Facilities</u>										
Administration Building	\$ 41,640	\$ 21,824	\$ 19,950	\$ 107,302	\$ 42,930	\$ 12,115	\$ 56,417	\$ 11,445	\$ 64,357	\$ 34,321
Maintenance Building	41,740	37,215	54,843	58,019	-	31,169	60,393	52,639	20,077	15,675
Transportation Trailer	4,064	1,718	3,232	15,309	-	269	32	-	34	-
Bunker Hill Environmental Center	-	-	-	-	-	-	-	-	-	-
Total Other Facilities	\$ 87,444	\$ 60,757	\$ 78,025	\$ 180,630	\$ 42,930	\$ 43,553	\$ 116,842	\$ 64,084	\$ 84,468	\$ 49,996
Grand Total	\$ 826,110	\$ 868,678	\$ 704,732	\$ 945,336	\$ 546,085	\$ 571,794	\$ 870,168	\$ 1,017,677	\$ 605,655	\$ 675,248

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2021
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
<u>SCHOOL PACKAGE POLICY</u>		
<u>Glatfelter</u>		
Property - Blanket Buildings and Contents	\$354,490,020	\$5,000
Equipment Breakdown	follows property limits	follows property ded
Business Income- Blanket	\$3,000,000	
Extra Expense		
Elitepac Extensions of Coverage-Schools	Included	72 hrs
Employee Dishonesty	\$100,000	\$2,500
Theft, Disappearance and Destruction		
Loss of Monies and Securities on Premises	\$25,000	\$2,500
Loss of Monies and Securities off Premises	\$15,000	\$2,500
Money Orders and Counterfeit Paper Currency	\$5,000	\$2,500
Forgery or Alteration	\$100,000	\$2,500
Inland Marine Floater		
Computer - at insured locations, Transit \$1,020,018, Extra Expense \$500,200	\$10,200,080	\$1,000
Musical Instruments	\$952,526	\$1,000
Flood	\$10,000,000	\$25,000
Earthquake	\$10,000,000	\$25,000
<u>AUTO POLICY</u>		
<u>Glatfelter</u>		
Comprehensive Automobile Liability Per Occurrence	\$1,000,000	
Auto Physical Damage - Comprehensive:		\$1,000
Coverage (Actual Cash Value)		
Auto Physical Damage - Collision:		\$1,000
Coverage (Actual Cash Value)		
Hired Car Physical Damage	\$ 110,000	\$ 1,000
<u>EDUCATOR'S LEGAL LIABILITY - Errors & Omissions</u>		
Educator's Legal including Employment Practices		
Limits of Liability		
	Coverage A	\$ 21,000,000 each policy period
	(Defense Only) Coverage B	\$ 100,000/claim
	Coverage B Aggregate	\$ 300,000
		\$ 20,000
		\$ 20,000
		\$ 20,000
<u>FLOOD INSURANCE</u>		
Franklin High School	500,000	5,000

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2021
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<u>BONDS</u>		
RLI		
Public Official		
Assistant Superintendent for Business/Board Secretary	\$800,000	
Jon Toth 07/01/2020 - 6/30/2021		
RLI		
Public Official		
Treasurer of School Monies	\$800,000	
Luis Valencia		
<u>WORKERS COMPENSATION</u>		
Excess Workers' Compensation		
Self Insured Retention		
Each Accident	\$1,000,000	
Each Employee for Disease	\$700,000	
Specific Limit Each Accident	Statutory	
Policy Part One, Workers' Compensation	\$1,000,000	
Policy Part Two, Employers Liability		
Specific Limit Each Employee for Disease		
Policy Part One, Workers' Compensation	Statutory	
Policy Part Two, Employers Liability	\$1,000,000	
<u>CYBER RISK</u>		
Total Limit of Liability		
Sublimits of Liability:		
Media Content Insurance	\$1,000,000	\$25,000
Security & Privacy Liability	\$1,000,000	\$25,000
Regulatory Defense Expenses	\$1,000,000	\$25,000
Event Management Insurance	\$1,000,000	\$25,000
Cyber Extortion Insurance	\$1,000,000	\$25,000
Business Interruption	\$500,000	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2021
(UNAUDITED)

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

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ELIZABETH A. SHICK, CPA, RMA, PSA
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RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Franklin Township Public Schools' basic financial statements and have issued our report thereon dated February 5, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin Township Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002.


We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Franklin Township Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated February 5, 2022.

Franklin Township Public Schools' Responses to Findings

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

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 5, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
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CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Franklin Township Public Schools’ compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Franklin Township Public Schools’ major federal and state programs for the fiscal year ended June 30, 2021. The Franklin Township Public Schools’ major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2021-003. Our opinion on each major federal and state program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated February 5, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
February 5, 2022

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

140

Federal/Grantor/Pass-Through Grant Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grand Period	Award Amount	Balance, July 1, 2020	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment Carryover- Receivables	(Accounts Receivable)	Balance, June 30, 2021 Unearned Revenue	Due To Grantor	MEMO GAAP Receivable
U.S. Department of Health & Human Services- Passed through State Dept. of Education														
General Fund														
Medical Assistance Program	93.778	2105NJ5MAP	N/A	7/1/20-6/30/21	\$ 177,446	-	-	\$ 177,446	\$ 177,446	-	-	-	-	-
Total U.S. Department of Health and Human Services/General Fund						-	-	177,446	177,446	-	-	-	-	-
FEMA - COVID														
					27,850			27,850	27,850					
U.S. Department of Education Passed-through State Dept. of Education														
ESEA Title I A	84.010	S010A200030	ESEA1610-21	7/1/20-9/30/21	801,739		\$ 121,239	403,656	801,426	\$ (121,239)	\$ (519,322)	\$ 121,552		\$ (397,770)
ESEA Title I A	84.010	S010A190030	ESEA1610-20	7/1/19-9/30/20	781,919	\$ (262,504)	(121,239)	423,397	160,893	121,239				
ESEA Title I A	84.010	S010A180030	NCLB1610-19	7/1/18-3/30/19	816,802	613								
ESEA Reallocated Title I	84-010	S010A200030	ESEA1610-21	7/1/20-9/30/21	74,739			20,338	30,351		(54,401)	613		(10,013)
ESEA Reallocated Title I	84-010	S010A190030	ESEA1610-20	7/1/19-9/30/20	66,330	(12,815)	-	57,861	45,046	-	-	-	-	-
Total Title I Cluster						(274,706)	-	905,252	1,037,716	-	(573,723)	166,553	-	(407,783)
ESEA Title IIA	84.367A	S367A190029	ESEA 1610-20	7/1/19-9/30/20	186,360	(128,258)	(29,120)	138,264	10,006	29,120				-
ESEA Title IIA	84.367A	S367A200029	ESEA 1610-21	7/1/20-9/30/21	147,545		29,120	98,174	133,682	(29,120)	(78,491)	42,983		(35,508)
									143,688					
ESEA Title III	84.365A	S365A190030	ESEA 1610-20	7/1/19-9/30/20	177,274	(43,734)	(20,298)	75,769	32,035	20,298				-
ESEA Title III	84.365A	S365A200030	ESEA 1610-21	7/1/20-9/30/21	153,268		20,298	59,152	78,842	(20,298)	(114,414)	94,724		(19,690)
ESEA Title III- Immigrant	84.365A	S365A190030	ESEA 1610-20	7/1/19-9/30/20	29,977	101	(7,254)	-	101	7,254				-
ESEA Title III- Immigrant	84.365A	S365A200030	ESEA 1610-21	7/1/20-9/30/21	30,222		7,254	4,710	7,656	(7,254)	(32,766)	29,820		(2,946)
NCLB Title III- Immigrant	84.365A	S365A180030	NCLB 1610-19	7/1/18-6/30/19		668						668		
									118,634					
ESEA Title IV	84.424	S424A200031	ESEA031345-21	7/1/20-9/30/21	58,004			1,027	35,663		(56,977)	22,341		(34,636)
I.D.E.A. Part B, Preschool	84.173	H173A190114	PS-0555-20	7/1/19-9/30/20	65,690	(13,090)	(912)	13,090		912				-
I.D.E.A. Part B, Preschool	84.173	H173A200114	PS-0555-21	7/1/20-9/30/21	66,300		912	28,380	47,312	(912)	(38,832)	19,900		(18,932)
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	FT-0555-20	7/1/19-9/30/20	1,919,628	(497,958)	(85,584)	497,958		85,584				-
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	FT-0555-18	7/1/17-6/30/18	1,931,590		225						\$ 225	-
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	FT-0555-21	7/1/20-9/30/21	2,053,124		85,584	1,394,692	1,584,512	(85,584)	(744,016)	554,196		(189,820)
Total Special Education Cluster IDEA						(510,823)	-	1,934,120	1,631,824	-	(782,848)	574,096	225	(208,752)
Vocational (Perkins) Secondary	84.048	V048A200030	PERK0221	7/1/20-6/30/21	20,205			14,619	18,189		(5,586)	2,016		(3,570)
Elementary and Secondary School Emergency Relief (ESSER)														
Coronavirus Aid, Relief, and Economic Security (CARES) Act														
CARES Emergency Relief Grant	84.425	S425D200027		3/13/20-9/30/22	766,015	(169,218)		318,501	497,982		(447,514)	98,815		(348,699)
Digital Divide	84.425D	S377A130031		7/16/20-10/31/20	156,425				3,750		(156,425)	152,675		(3,750)
Elementary and Secondary School Emergency Relief (ESSER II)														
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act														
ESSER II	84.425D	S425D210027		3/13/20-9/30/23	2,583,747				3,820		(2,583,747)	2,579,927		(3,820)
Learning Acceleration	84.425D	S425D210027		3/13/20-9/30/23	165,812				-		(165,812)	165,812		-
Mental Health	84.425D	S425D210027		3/13/20-9/30/23	45,000				-		(45,000)	45,000		-
									505,552					
Coronavirus Relief Fund														
Coronavirus Relief Fund	21.019			7/16/20-10/31/20	582,958			582,958	553,827		-	29,131		-
Nonpublic Digital Divide	21.019	S425D200027		7/16/20-10/31/20	55,726			51,356	51,356		(4,370)	4,370		-
CARES Act - Somerset County	21.019			7/1/20-12/31/20	35,000			35,000	35,000		-	-		-
									640,183					
Total U.S. Department of Education/Special Revenue Fund						(1,125,970)	-	4,218,902	4,131,449	-	(5,047,673)	4,008,931	225	(1,069,154)
U.S. Department of Agriculture Passed-through State Dept. of Ed. Enterprise Fund:														
National School Lunch Program	10.555		N/A											
Cash Assistance		211NJ304N1099		7/1/20-6/30/21	1,478,368			1,234,523	1,478,368		(243,845)			(243,845)
Cash Assistance		201NJ304N1099		7/1/19-6/30/20	1,182,465	(58,677)		58,677			-			-
Non-Cash Assistance				7/1/20-6/30/21	258,047			258,047				14,837		
Non-Cash Assistance				7/1/19-6/30/20	248,047	15,216			248,047			-		
School Breakfast Program	10.553	211NJ304N1099	N/A	7/1/20-6/30/21	933,271			779,336	933,271		(153,935)			(153,935)
School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/19-6/30/20	549,426	(36,883)		56,883			-			-
Total National School Lunch Program Cluster/Food Service Fund						(80,344)	-	2,367,466	2,670,065	-	(397,780)	14,837	-	(397,780)
Total Federal Financial Awards						\$ (1,206,314)	\$ -	\$ 6,791,664	\$ 7,006,810	\$ -	\$ (5,445,453)	\$ 4,023,768	\$ 225	\$ (1,466,934)

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2021			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund:														
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 5,314,562		\$ 4,817,963	\$ 5,314,562			\$ (496,599)				\$	5,314,562
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	5,109,930	\$ (480,528)	480,528				-					-
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	5,706,043		5,172,862	5,706,043			(533,181)					5,706,043
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	5,706,043	(536,585)	536,585				-					-
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	1,581,446		1,433,673	1,581,446			(147,773)					1,581,446
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	1,581,446	(148,716)	148,716				-					-
Total State Aid Public Cluster				(1,165,829)	12,590,327	12,602,051	-	-	(1,177,553)	-	-	-	-	12,602,051
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	1,634,154		1,481,456	1,634,154			(152,698)					1,634,154
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	1,634,154	(153,673)	153,673				-					-
Additional Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	236,930		236,930	236,930			(236,930)				\$	236,930
Additional Nonpublic Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	120,634	(120,634)	120,634				-					-
Total Transportation Aid Cluster				(274,307)	1,755,763	1,871,084	-	-	(389,628)	-	-	-	(236,930)	1,871,084
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	1,925,110		1,925,110	1,925,110			(1,925,110)					1,925,110
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	1,668,077	(1,516,209)	1,668,077	151,868								151,868
					<u>2,076,978</u>									
On-behalf TPAF Pension System Contr-Normal Cost & Accrued Liab.	21-495-034-5094-002	7/1/20-6/30/21	15,473,020		15,473,020	15,473,020								15,473,020
On-behalf TPAF Pension System Contr-Non-Contributory Ins.	21-495-034-5094-004	7/1/20-6/30/21	294,395		294,395	294,395								294,395
On-behalf TPAF Pension System Contr-Long Term Disability Ins.	21-495-034-5094-001	7/1/20-6/30/21	10,786		10,786	10,786								10,786
On-behalf TPAF Pension System Contr-Post-Retirement Medical Contributions	21-495-034-5094-001	7/1/20-6/30/21	4,941,263	-	4,941,263	4,941,263								4,941,263
Total On-Behalf TPAF Contribution Cluster				-	20,719,464	20,719,464	-	-	-	-	-	-	-	20,719,464
Reimbursed TPAF Social Security	21-100-034-5094-003	7/1/20-6/30/21	4,431,785		4,217,365	4,431,785			(214,420)				(214,420)	4,431,785
Reimbursed TPAF Social Security	20-100-034-5094-003	7/1/19-6/30/20	4,259,297	(210,808)	210,808				-					-
Total General Fund				(3,167,153)	41,161,804	41,701,362	-	-	(3,706,711)	-	-	-	(451,330)	41,701,362
Special Revenue Fund:														
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19	3,441,152	732,869			\$ (732,869)		\$ -					-
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	5,898,264		5,308,438	4,497,335			(589,826)	3,162,157				4,497,335
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	4,978,792	766,261	497,877					235,779				-
New Jersey Nonpublic Aid														
Textbook Aid (Ch. 194)	20-100-034-5120-064	7/1/19-6/30/20	68,682		10,701			\$ 10,701			\$ -			-
Textbook Aid (Ch. 194)	21-100-034-5120-064	7/1/20-6/30/21	78,256		78,256	78,256								78,256
Technology	20-100-034-5120-373	7/1/19-6/30/20	46,908		16,472				16,472					-
Security	20-100-034-5120-509	7/1/19-6/30/20	205,200		142,045				142,045					-
Security	21-100-034-5120-509	7/1/20-6/30/21	234,675		234,675	234,675								234,675
Auxiliary Services (Chap. 192)														-
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	54,431	(5,879)	5,879			811						-
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	64,447		64,447	64,447								64,447
ESL	20-100-034-5120-067	7/1/19-6/30/20	2,896	(372)	373				1					-
Transportation Aid	20-100-034-5120-067	7/1/19-6/30/20	7,635	(763)	763									-
Transportation Aid	21-100-034-5120-067	7/1/20-6/30/21	9,994	-	9,994	8,994								8,994
Total Nonpublic Auxiliary Services Aid (Chap 192) Cluster				(7,014)	81,456	73,441	811	812	-	-	1,000	-	-	73,441
Handicapped Services (Ch. 193)														
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	28,738	(3,222)	3,223									-
Supplemental Instruction	21-100-034-5120-066	7/1/20-6/30/21	37,236		37,236	37,236								37,236
Examination & Classification	20-100-034-5120-066	7/1/19-6/30/20	50,534	(5,042)	5,042									-
Examination & Classification	21-100-034-5120-066	7/1/20-6/30/21	50,162		50,162	38,225	15,603	15,603						38,225
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	27,160	(2,881)	2,881									-
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	29,165	-	29,165	19,949								19,949
Total Nonpublic Handicapped Services Aid (Chap 193) Cluster				(11,145)	127,709	95,410	15,603	15,604	-	-	21,153	-	-	95,410
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	133,181		5,590			5,590						-
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	136,986		136,986	136,986								136,986
Home Instruction	20-100-034-5120-070	7/1/19-6/30/20	541	(541)	541									-
Total Special Revenue Fund				1,480,430	6,640,746	5,116,103	16,414	191,224	(589,826)	3,397,936	22,153	-	-	5,116,103

(1) Adjustment represents Carryovers Appropriated in Current Year

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2021			MEMO			
									(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures		
State Department of Education															
Capital Projects Fund															
School Development Authority	1610-055-14-1006-G04		\$ 470,290	\$ (423,261)									\$ (423,261)	\$ 470,290	
School Development Authority	1610-070-14-1007-G04		250,000	(170,295)					(423,261)				(250,000)	170,295	
School Development Authority	1610-070-14-1008-G04		25,001	(25,001)					(250,000)	\$ 79,705			(25,001)	25,001	
School Development Authority	1610-160-14-1025-G04		205,000	(205,000)					(25,001)				(205,000)	205,000	
School Development Authority	1610-100-14-1011-G04		530,761	(477,685)					(205,000)				(477,685)	530,761	
School Development Authority	1610-115-14-1016-G04		287,259	(287,259)					(477,685)				(287,259)	287,259	
School Development Authority	1610-140-14-1017-G04		288,483	(108,657)	\$ 106,325				(287,259)				(2,332)	288,483	
School Development Authority	1610-150-14-1021-G04		218,708	(1,084)					(2,332)				(1,084)	218,708	
School Development Authority	1610-150-14-1022-G04		451,804	(451,804)					(1,084)				(451,804)	451,804	
School Development Authority	1610-150-14-1029-G04		182,789	(3,611)					(451,804)				(3,611)	182,789	
Total School Development Authority Cluster/ Capital Projects Fund				(2,153,657)	106,325	-	-	-	(3,611)	-	-	-	(2,127,037)	4,501,332	
Debt Service Fund															
Debt Service Aid	21-495-064-5120-075	7/1/20-6/30/21	937,147	-	937,147	937,147	-	-	-	-	-	-	-	937,147	
Total Debt Service Aid				-	937,147	937,147	-	-	-	-	-	-	-	-	937,147
State Department of Agriculture															
Enterprise Fund															
National School Lunch Program	21-100-034-5120-122	7/1/20-6/30/21	78,612		61,243	78,612			(17,369)				(17,369)	78,612	
National School Lunch Program	20-100-034-5120-122	7/1/19-6/30/20	26,897	(922)	922	-			-				-	-	
Total Department of Agriculture/Enterprise Fund				(922)	62,165	78,612	-	-	(17,369)	-	-	-	(17,369)	78,612	
Total State Financial Assistance Subject to Single Audit Determination				\$ (3,841,302)	\$ 48,908,187	\$ 47,833,224	\$ 16,414	\$ 191,224	\$ (6,440,943)	\$ 3,477,641	\$ 22,153	\$ (2,595,756)	\$ 52,334,556		
State Financial Assistance Not Subject to Single Audit Major Program Determination															
General Fund															
On-Behalf TPAF Pension System Contribution					(15,778,201)	(15,778,201)								(15,778,201)	
On-Behalf TPAF Post-Retirement Med. Contrib.					(4,941,263)	(4,941,263)								(4,941,263)	
Total State Financial Assistance Subject to Single Audit Major Programs Determination				\$ (3,841,302)	\$ 28,188,723	\$ 27,113,760	\$ 16,414	\$ 191,224	\$ (6,440,943)	\$ 3,477,641	\$ 22,153	\$ (2,595,756)	\$ 31,615,092		

(2) Adjustment represents grant balance cancelled

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$419,650 for the general fund and an increase of \$113,923 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 205,296	\$ 41,281,712	\$ 41,487,008
Special Revenue Fund	4,299,477	5,061,228	9,360,705
Debt Service Fund		937,147	937,147
Food Service Fund	<u>2,670,065</u>	<u>78,612</u>	<u>2,748,677</u>
Total Awards Financial Assistance	<u>\$ 7,174,838</u>	<u>\$ 47,358,699</u>	<u>\$ 54,533,537</u>

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$4,431,785 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. The amount reported as TPAF Pension System Contributions in the amount of \$15,767,415, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,941,263 and TPAF Long-Term Disability Insurance in the amount of \$10,786 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ yes	<u> X </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	<u> X </u> yes	_____ none reported
Noncompliance material to the basic financial statements noted?	<u> X </u> yes	_____ no

Federal Awards Section

Internal Control over compliance:		
1) Material weakness(es) identified?	_____ yes	<u> X </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes	<u> X </u> none reported
Type of auditor's report on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance (section.510(a))?	_____ yes	<u> X </u> none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>211NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>211NJ304N1099</u>	<u>School Breakfast Program</u>
<u>21.019</u>	<u>S4250200027</u>	<u>Coronavirus Relief Funds</u>

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u>_____</u> no

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

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

Identification of major programs:

Part

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-014</u>	<u>Transportation Aid</u>
<u>495-034-5120-086</u>	<u>Preschool Education Aid</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs \$ 813,413

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2021-001:

Our audit of the general ledger account balances revealed certain adjusting journal entries were required to reconcile the Board records to agree with subsidiary records, supporting documentation and to adjust the beginning balances.

Criteria or specific requirement:

The State Department of Education's GAAP Technical Systems Manual

Condition:

Certain adjusting journal entries were required to reclassify receipts, accrue revenues and correct general ledger entries in the General, Special Revenue and Capital Projects Funds.

Questioned Costs:

None.

Context:

Certain journal entries were required to reclassify incorrect postings and record certain transactions in the General, Special Revenue and Capital Projects Funds including the following:

Context:

Certain journal entries were required to reclassify incorrect postings and record certain transactions in the General, Special Revenue and Capital Projects Funds including the following:

- We noted the year to date interest earnings of \$5,537 in the Capital Projects Fund were not transferred to the General Fund in accordance with Board resolution.
- Journal entries were made to correct various receivable balances in the General Fund to agree to supporting documentation.
- Certain adjustments were needed to reconcile pooled cash balances between the various funds.
- The year-end receivable for Non-Public Transportation Aid of \$236,930 was not accrued.
- A journal entry was required to correct the cash difference of \$1,059,133 between the special revenue fund cash per the general ledger and the bank reconciliation.
- The original budget for the special revenue fund and debt service fund were not currently entered into the accounting software.

Effect:

The Board Secretary's records were not in agreement with subsidiary records and supporting documentation.

Recommendation:

Internal controls over financial accounting and reporting be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.

Views of Responsible Officials and Planned Corrective Action Plan:

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2021-002:

Our audit of the District's capital assets maintained by a third party provider noted the following:

- Current year additions in the amount of \$6,498,206 in the governmental funds was not added to the capital asset report.
- Prior year additions in the amount of \$7,928,766 in the governmental funds have not been added to the capital asset report.
- Certain assets were added to the capital assets report twice.
- Prior year additions in the amount of \$76,665 in the enterprise funds have not been added to the capital asset report.
- The balance of \$11,407,720 in construction in progress has not been reviewed to determine if the projects are completed.

Criteria or specific requirement:

Generally Accepted Accounting Principles.

Condition:

The District's capital assets report provided for audit did not accurately reflect the capital assets for the fiscal year ended June 30, 2021.

Context:

See Finding 2021-002.

Effect:

The District capital asset records did not agree with actual values of District owned assets. Audit adjustments have been made to reflect the proper capital assets values.

Cause:

The capital assets report was not reviewed for validity.

Recommendation:

Procedures pertaining to the classification and reporting of capital assets be reviewed and enhanced.

View of Responsible Officials and Planned Corrective Action:

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

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

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

Finding 2021-003:

Our audit of the District's Application for State School Aid (ASSA) revealed that amounts reported were not always in agreement with supporting workpapers and documentation for the respective categories.

State program Information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or Specific Requirement:

State of New Jersey State Aid/Grant Compliance Supplement.

Condition:

Student counts claimed on the ASSA as Private School for the Disabled and Low Income did not always agree with student counts reflected on supporting workpapers and applicable documentation.

Questioned Costs:

Unknown.

Context:

The following variances were noted during our audit of the ASSA:

Private School of the Disabled

- 49 students were selected as part of our sample and one student did not have a valid Individualized Education Plan (IEP) as of October 15, 2020.

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

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

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

CURRENT YEAR STATE AWARDS (Continued)

Finding 2021-003 (Continued):

Context (Continued):

Low Income

- The District reported 3,242 students as eligible for free or reduced lunch. The supporting workpapers reflected 3,129 students for a difference of 113 students.
- 71 students were selected as part of our sample and 7 students were rolled over from the prior year's direct certification list which is not permissible.
- The District reported 471 students as Resident LEP Low Income. The supporting workpapers reflected 429 student for a difference of 42 students.
- The District reported 168 students as Resident LEP Not Low Income. The supporting workpapers reflected 186 students for a difference of 18 students.

Cause:

Unknown.

Effect:

Student counts reported on the ASSA did not accurately reflect actual student counts as reflected in supporting workpapers and documentation.

Recommendation:

Internal controls be enhanced to ensure that documentation is in agreement with students reported on the Application for State School Aid.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2020-001:

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

Current Status

Corrective action has been taken.

Finding 2020-002:

Our audit of the general ledger account balances revealed certain adjusting journal entries were required to reconcile the Board records to agree with subsidiary records, supporting documentation and to correct beginning balances.

Current Status

See Finding 2021-001.