

**FRANKLIN TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2022**

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



**FRANKLIN TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**

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## FRANKLIN TOWNSHIP SCHOOL

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Quakertown, NJ 08868

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February 15, 2023

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

Dear Board Members:

State law requires that school districts publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the Franklin Township School District for the fiscal year ended June 30, 2022.

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

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

The Annual Comprehensive Financial Report is presented in four sections:

- ◆ **The Introduction Section:** Introduces the reader to the report and includes this transmittal letter, a list of principal officials, the District's organizational charts, certificate of excellence in financial reporting, and a map of the District.

- ◆ **The Financial Section:** Consists of the independent auditor’s report, Management’s discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.
- ◆ **The Statistical Section:** Contains selected financial and demographic information, generally presented on a multi-year basis.
- ◆ **The Single Audit:** Includes the auditor’s report on the internal control structure, compliance with applicable laws and regulations and findings and recommendations.

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

**REPORTING ENTITY AND ITS SERVICES**

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

The District provides a full range of educational services appropriate to grade levels preschool through grade eighth. These include regular programs as well as programs for students with special educational needs. The District completed the 2021-2022 Fiscal Year with an enrollment of 263 students. The following details the changes in the average daily student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	283.8	-4.41%
2013-2014	294.9	3.91%
2014-2015	294.7	-0.07%
2015-2016	292.7	-0.68%
2016-2017	283.9	-3.01%
2017-2018	284.8	0.30%
2018-2019	278.2	-2.30%
2019-2020	282.0	1.35%
2020-2021	250.0	-11.34%
2021-2022	259.78	3.52%

### **ECONOMIC CONDITION AND OUTLOOK**

Franklin Township has a solid reputation and vision for farmland preservation. The Township vision for farmland preservation includes securing the agricultural land base, bolstering the industry of agriculture, and preventing sprawl to maintain the small town, rural lifestyle that characterizes an agricultural community. Of the Township's 14,831 acres of total land mass, 8,294 acres, or 56% is devoted to agricultural use and assessed under farmland assessment. The Township ranks sixth in the total number of acres of land devoted to active agriculture among the 26 municipalities in Hunterdon County. Over the past decades, approximately 2,314 acres of farmland in Franklin are subject to permanent farmland preservation deed restriction. Franklin has established Open Space and Farmland Preservation components in its Master Plan. As per the September 2012 Comprehensive Farmland Preservation Plan, Franklin Township has identified and prioritized 19 farms/farmland tracts that currently meet the criteria for farmland preservation. The goal of the Township is to preserve approximately 200 acres a year of the targeted acreage over a ten-year period. The Township allows for a minimum of three acres, five acres, or seven acre lots according to the current zoning requirements. The Franklin Township Planning Board and Land Use Boards are currently holding public meetings to update their Master Plan. Franklin Township currently has one shopping Plaza that includes a Walmart, Shop-Rite, Cracker Barrel Restaurant/Old Country Store, Hampton Inn, and several other retail and food establishments.

### **MAJOR INITIATIVES**

During the 2021-2022 school year, the District achieved the following major goals:

1. The District expanded its shared services agreement with the Union Township Board of Education to share a Superintendent, Business Administrator, Child Study Team, Groundskeeper, and Curriculum Coordinator.
2. The District renovated the gymnasium and locker rooms.
3. The District replaced the Underground Storage Tank for heating oil.

### **INTERNAL ACCOUNTING CONTROLS**

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

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



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

### **BUDGETARY CONTROLS**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2022.

### **ACCOUNTING SYSTEM AND REPORTS**

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

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

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

### **DEBT ADMINISTRATION**

As a result of the successful passage of the bond referendum in December 2004, and a Bond Refunding in 2013, the District has \$1,795,000 of bonds outstanding. The final payment has a due date of February 15, 2025.

### **CASH MANAGEMENT**

The investment policy of the District is guided in large part by state statute as detailed in Notes to the Financial Statements, Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

### **RISK MANAGEMENT**

The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, workers compensation and fidelity bonds. The District has joined with other qualified New Jersey Districts to form the School Alliance

Insurance Fund. This joint insurance fund has saved the District an annual premium and provides more control through the involvement in management of the fund.

**INDEPENDENT AUDIT**

State statutes require an annual audit by independent Certified Public Accountants or Registered Municipal Accountants. BKC, CPAs, PC audited the District's financial statements for Fiscal Year 2022. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2022 are fairly represented in conformity with GAAP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular Letter 15-08.

**ACKNOWLEDGMENTS**

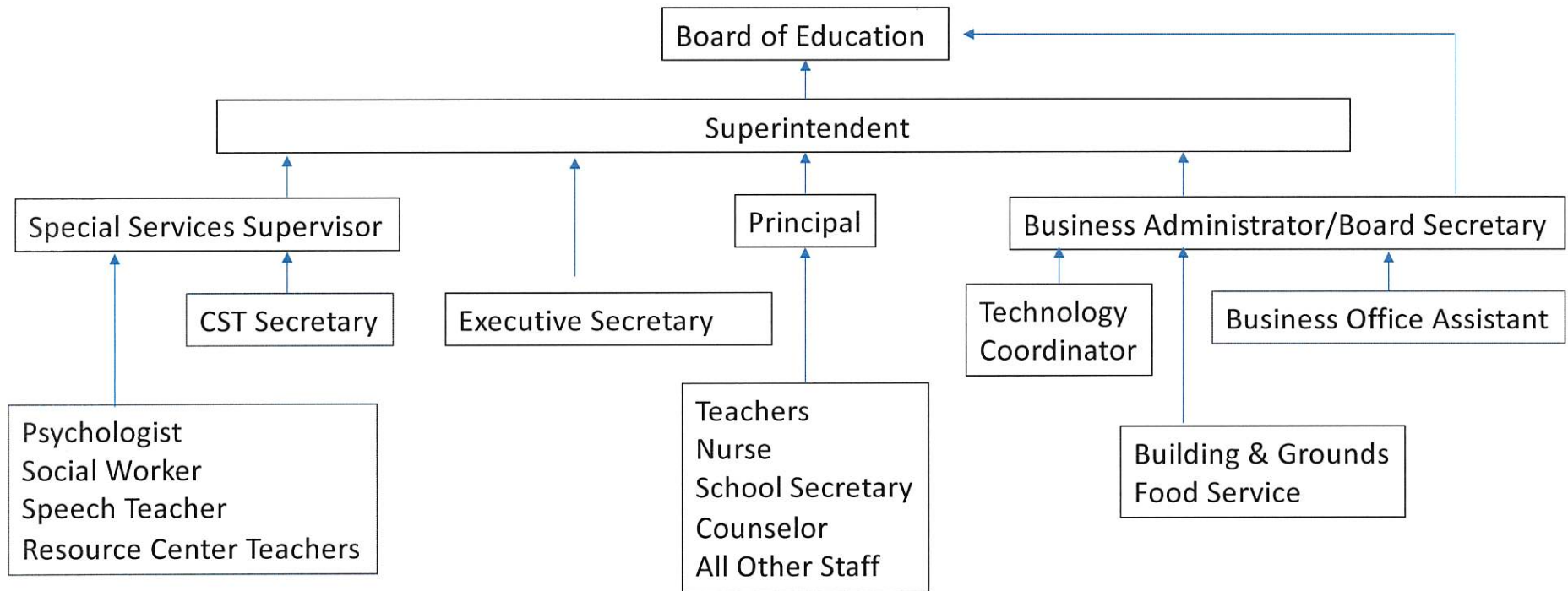
We would like to express our appreciation to the members of the Franklin Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

  
\_\_\_\_\_  
Nicholas Diaz  
Superintendent

  
\_\_\_\_\_  
Lori Tirone  
Business Administrator/Board Secretary

Franklin Township School District  
Organizational Chart



**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Quakertown, New Jersey**  
**Roster of Officials**  
**June 30, 2022**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Karen Sutton	President	2023
Virginia Evans	Vice President	2022
Amy Gilpin		2022
Allison Luciano		2022
Ronald Falcon		2023
James. Giordano		2024
Erin Tomasini		2024

<u>Other Officials</u>	<u>Title</u>
Nicholas Diaz	Superintendent
Lori Tirone	Board Secretary/School Business Administrator
Raymond Krov	School Treasurer

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Quakertown, New Jersey**  
**Consultants and Advisors**  
**June 30, 2022**

**AUDIT FIRM**

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

**ATTORNEY**

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

**OFFICIAL DEPOSITORY**

Investors Bank  
Flemington, NJ 08822



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

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## Independent Auditors' Report

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

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

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 District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management 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, and for 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, 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.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were 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 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 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.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



Michael Holk, CPA, PSA  
NO. 20CS00265600

February 15, 2023  
Flemington, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**QUAKERTOWN, NEW JERSEY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**Unaudited**

The discussion and analysis of the Franklin Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, the basic financial statements and notes to enhance their understanding of the District's financial performance.

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

### **Financial Highlights**

#### **Key financial highlights for 2022 are as follows:**

- In total, net position increased \$605,322 which is a 5.81% increase from fiscal year 2021.
- General revenue accounted for \$9,652,790 in revenue or 95.49% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$455,391 or 4.51% of the total revenue of \$10,108,181.
- The School District had \$9,502,859 in expenses; only \$455,391 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily the tax levy) of \$9,652,790 were adequate to provide for these programs.
- Among governmental funds, the general fund had \$8,308,392 in revenues and \$8,674,954 in expenditures. After factoring in other financing sources and uses, the general fund's balance decreased by \$366,562 from fiscal year 2021.

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

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

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
QUAKERTOWN, NEW JERSEY  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
Unaudited**

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

**Reporting the District as a Whole**

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

While this document contains the various funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Fund Financial Statements**

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

**Governmental Funds**

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
QUAKERTOWN, NEW JERSEY  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
Unaudited**

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

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

**The School District as a Whole**

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position on June 30, 2022 compared to June 30, 2021.

**Table 1  
Net Position**

	06/30/22	06/30/21	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 3,221,548	\$ 3,496,829	\$ (275,281)	-7.87%
Capital assets	11,384,773	11,289,361	95,412	0.85%
Total assets	14,606,321	14,786,190	(179,869)	-1.22%
Deferred outflow of resources	697,741	778,931	(81,190)	-10.42%
<b>Liabilities</b>				
Long-term liabilities	3,356,273	4,358,751	(1,002,478)	-23.00%
Other liabilities	324,374	269,055	55,319	20.56%
Total liabilities	3,680,647	4,627,806	(947,159)	-20.47%
Deferred inflow of resources	602,680	521,902	80,778	15.48%
<b>Net position</b>				
Net investment in capital assets	9,091,418	8,202,183	889,235	10.84%
Restricted	2,281,939	2,761,128	(479,189)	-17.35%
Unrestricted	(352,622)	(547,898)	195,276	35.64%
Total net position	\$ 11,020,735	\$ 10,415,413	\$ 605,322	5.81%

Total assets decreased \$179,869. Cash and cash equivalents decreased by \$489,049, receivables and inventory increased \$213,768 and capital assets increased \$95,412. Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the School District, increased \$195,276.

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

Table 2 shows the changes in net position for the fiscal year ended June 30, 2022 compared to June 30, 2021.

	<b>Table 2</b>		<b>Changes in Net Position</b>	
	<u>06/30/22</u>	<u>06/30/21</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>Percent</u>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 167,280	\$ 95,116	\$ 72,164	75.87%
Operating grants and contributions	288,111	218,740	69,371	31.71%
General revenues				
Property taxes	6,745,311	6,621,825	123,486	1.86%
Grants and entitlements	2,848,542	3,196,463	(347,921)	-10.88%
Other	58,937	53,533	5,404	10.09%
Total revenues	<u>10,108,181</u>	<u>10,185,677</u>	<u>(77,496)</u>	<u>-0.76%</u>
<b>Expenses</b>				
Instruction				
Regular	3,952,667	4,241,238	(288,571)	-6.80%
Special	1,286,581	890,902	395,679	44.41%
Other	44,405	33,079	11,326	34.24%
Support services				
Tuition	315,037	227,219	87,818	38.65%
Student & instructional related services	1,527,147	1,438,343	88,804	6.17%
General & business administration	555,761	615,780	(60,019)	-9.75%
School administration	214,006	237,725	(23,719)	-9.98%
Maintenance	963,697	846,365	117,332	13.86%
Transportation	451,158	381,349	69,809	18.31%
Food service	84,627	42,656	41,971	98.39%
Interest on long-term debt	107,773	126,999	(19,226)	-15.14%
Total expenses	<u>9,502,859</u>	<u>9,081,655</u>	<u>421,204</u>	<u>4.64%</u>
<b>Change in net position</b>	<u>\$ 605,322</u>	<u>\$ 1,104,022</u>	<u>\$ (498,700)</u>	<u>-45.17%</u>

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**Governmental Activities**

Property taxes made up 67.40% of operating revenues for governmental activities for the Franklin Township School District for the fiscal year 2022.

Instruction comprises 55.60% of the District's expenses. Support services expenses make up 44.40% of the District's expenses.

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

Table 3 provides a summary of the School District's costs of governmental services on June 30, 2022 compared to June 30, 2021.

**Table 3  
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/22	06/30/21	06/30/22	06/30/21
Instruction	\$ 5,283,653	\$ 5,165,219	\$ 5,088,008	\$ 5,015,116
Support services				
Tuition	315,037	227,219	257,037	169,219
Student & instruction related services	1,527,147	1,438,343	1,426,038	1,382,862
General & business administration	555,761	615,780	555,761	615,780
School administration	214,006	237,725	214,006	237,725
Plant operations & maintenance	963,697	846,365	962,847	843,342
Pupil transportation	451,158	381,349	451,158	381,349
Food services	84,627	42,656	(15,160)	(4,593)
Interest on long-term debt	107,773	126,999	107,773	126,999
Total expenses	<u>\$ 9,502,859</u>	<u>\$ 9,081,655</u>	<u>\$ 9,047,468</u>	<u>\$ 8,767,799</u>

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

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

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

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

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

**General Fund Budgeting Highlights**

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

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

During the course of the 2022 fiscal year, the District amended its general fund budget by transferring funds as needed to prevent over-expenditures in specific line item accounts. The most significant need for changes was custodial services and care and upkeep of grounds.

**Capital Assets**

At the end of the fiscal year 2022, the School District had \$11,384,773 invested in land, buildings, leased building improvements, furniture and equipment and construction in progress. Table 4 provides a summary of School District's capital assets net of depreciation for June 30, 2022 compared to June 30, 2021.

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

	06/30/22	06/30/21	Variance	
			Dollars	Percent
Land	\$ 285,100	\$ 285,100	\$ -	0.00%
Construction in progress	1,127,953	449,162	678,791	151.12%
Land improvements	89,624	99,343	(9,719)	-9.78%
Buildings & improvements	9,388,516	9,708,370	(319,854)	-3.29%
Leased building improvements	300,000	540,000	(240,000)	-44.44%
Furniture & equipment	193,580	204,258	(10,678)	-5.23%
Vehicles	-	3,128	(3,128)	-100.00%
	<u>\$ 11,384,773</u>	<u>\$ 11,289,361</u>	<u>\$ 95,412</u>	<u>0.85%</u>



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**Long Term Liabilities**

As of June 30, 2022, the District had \$3,356,273 of long-term liabilities. Table 5 shows June 30, 2022 balances compared to June 30, 2021.

**Table 5  
Outstanding Debt at Year End**

	06/30/22	06/30/21	Variance	
			Dollars	Percent
2013 refunding bond issue	\$ 1,795,000	\$ 2,350,000	\$ (555,000)	-23.62%
Bond premium	131,316	168,834	(37,518)	-22.22%
Capital leases	498,355	737,178	(238,823)	-32.40%
Compensated absences	35,990	29,577	6,413	21.68%
PERS net pension liability	895,612	1,073,162	(177,550)	-16.54%
	<u>\$ 3,356,273</u>	<u>\$ 4,358,751</u>	<u>\$ (1,002,478)</u>	<u>-23.00%</u>

**For the Future**

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

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

The following goals are based on the District's strategic plan entitled FTS Reimagined:

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

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**Contacting the School District's Financial Management**

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

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 372,108	\$ 25,239	\$ 397,347
Receivables, net	525,154	4,930	530,084
Due from other funds, net	-	142	142
Inventory	-	2,487	2,487
<b>Restricted assets</b>			
Capital reserve account - cash	1,607,837	-	1,607,837
Maintenance reserve account - cash	307,807	-	307,807
Scholarships - cash	30,011	-	30,011
Student activities- cash	30,623	-	30,623
Unemployment claims - cash	315,210	-	315,210
<b>Capital assets, net</b>			
Land	285,100	-	285,100
Construction in progress	1,127,953	-	1,127,953
Other capital assets, net of depreciation and amortization	9,965,000	6,720	9,971,720
Total assets	<u>14,566,803</u>	<u>39,518</u>	<u>14,606,321</u>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	590,072	-	590,072
Deferred amount on refunding bond issue	107,669	-	107,669
Total deferred outflows of resources	<u>697,741</u>	<u>-</u>	<u>697,741</u>
<b>Liabilities</b>			
Accounts payable	149,119	-	149,119
Due to other funds, net	142	-	142
Accrued interest	40,127	-	40,127
Payroll deductions and withholdings payable	100,117	-	100,117
Unearned revenue	22,158	3,162	25,320
Unemployment compensation claims payable	9,549	-	9,549
<b>Long-term liabilities</b>			
Due within one year	858,926	-	858,926
Due beyond one year	2,497,347	-	2,497,347
Total liabilities	<u>3,677,485</u>	<u>3,162</u>	<u>3,680,647</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	602,680	-	602,680

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2022**

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 9,084,698	\$ 6,720	\$ 9,091,418
Restricted for			
Capital reserve	1,607,837	-	1,607,837
Maintenance reserve	307,807	-	307,807
Scholarships	30,011	-	30,011
Student activities	30,623	-	30,623
Unemployment claims	305,661	-	305,661
Unrestricted	(382,258)	29,636	(352,622)
Total net position	\$ 10,984,379	\$ 36,356	\$ 11,020,735

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,398,554	\$ 1,554,113	\$ 133,292	\$ 50,093	\$ -	\$ (3,769,282)	\$ -	\$ (3,769,282)
Special education	687,363	403,316	-	-	-	(1,090,679)	-	(1,090,679)
Other special education	108,582	87,320	-	12,260	-	(183,642)	-	(183,642)
Other instruction	39,377	5,028	-	-	-	(44,405)	-	(44,405)
Support services								
Tuition	315,037	-	-	58,000	-	(257,037)	-	(257,037)
Students & instruction related services	1,195,503	331,644	23,473	77,636	-	(1,426,038)	-	(1,426,038)
General & business administration services	400,321	155,440	-	-	-	(555,761)	-	(555,761)
School administration services	140,014	73,992	-	-	-	(214,006)	-	(214,006)
Plant operations & maintenance	921,625	42,072	850	-	-	(962,847)	-	(962,847)
Pupil transportation	440,302	10,856	-	-	-	(451,158)	-	(451,158)
Interest on long-term debt	107,773	-	-	-	-	(107,773)	-	(107,773)
Total governmental activities	<u>6,754,451</u>	<u>2,663,781</u>	<u>157,615</u>	<u>197,989</u>	<u>-</u>	<u>(9,062,628)</u>	<u>-</u>	<u>(9,062,628)</u>
Business-type activities								
Food service	84,627	-	9,665	90,122	-	-	15,160	15,160
Total business-type activities	<u>84,627</u>	<u>-</u>	<u>9,665</u>	<u>90,122</u>	<u>-</u>	<u>-</u>	<u>15,160</u>	<u>15,160</u>
Total primary government	<u>\$ 6,839,078</u>	<u>\$ 2,663,781</u>	<u>\$ 167,280</u>	<u>\$ 288,111</u>	<u>\$ -</u>	<u>(9,062,628)</u>	<u>15,160</u>	<u>(9,047,468)</u>
			General revenues, special items and transfers					
						6,096,311	-	6,096,311
						649,000	-	649,000
						2,848,542	-	2,848,542
						893	3	896
						58,041	-	58,041
						<u>9,652,787</u>	<u>3</u>	<u>9,652,790</u>
						590,159	15,163	605,322
						10,394,220	21,193	10,415,413
						<u>\$ 10,984,379</u>	<u>\$ 36,356</u>	<u>\$ 11,020,735</u>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 372,108	\$ -	\$ -	\$ -	\$ 372,108
Due from other funds	121,251	-	-	-	121,251
Receivables from other governments					
State	385,250	-	-	-	385,250
Federal	-	125,027	-	-	125,027
Other accounts receivable	13,990	887	-	-	14,877
Restricted cash and cash equivalents	2,230,854	60,634	-	-	2,291,488
<b>Total assets</b>	<b>\$ 3,123,453</b>	<b>\$ 186,548</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,310,001</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 142	\$ 121,251	\$ -	\$ -	\$ 121,393
Accounts payable	147,285	1,834	-	-	149,119
Payroll deductions and withholdings payable	100,117	-	-	-	100,117
Unearned revenue	19,329	2,829	-	-	22,158
Unemployment compensation claims payable	9,549	-	-	-	9,549
<b>Total liabilities</b>	<b>276,422</b>	<b>125,914</b>	<b>-</b>	<b>-</b>	<b>402,336</b>

See accompanying notes to financial statements.



**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2022**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Capital reserve	\$ 1,607,837	\$ -	\$ -	\$ -	\$ 1,607,837
Maintenance reserve	307,807	-	-	-	307,807
Scholarships	-	30,011	-	-	30,011
Student activities	-	30,623	-	-	30,623
Unemployment claims	305,661	-	-	-	305,661
Committed fund balance					
Encumbrances	40,798	-	-	-	40,798
Assigned fund balance					
Designated for subsequent year's expenditures	104,739	-	-	-	104,739
Unassigned fund balance	480,189	-	-	-	480,189
Total fund balances	<u>2,847,031</u>	<u>60,634</u>	<u>-</u>	<u>-</u>	<u>2,907,665</u>
Total liabilities and fund balances	<u>\$ 3,123,453</u>	<u>\$ 186,548</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$18,322,200 and the accumulated depreciation is \$6,944,147.	11,378,053
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	95,061
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,356,273)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(40,127)</u>
Total net position of governmental activities	<u>\$10,984,379</u>

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 6,096,311	\$ -	\$ -	\$ 649,000	\$ 6,745,311
Tuition from individuals	29,492	-	-	-	29,492
Tuition from other LEAs	103,800	-	-	-	103,800
Interest on investments	893	-	-	-	893
Rent and royalties	850	-	-	-	850
Miscellaneous	58,041	23,481	-	-	81,522
Total local sources	<u>6,289,387</u>	<u>23,481</u>	<u>-</u>	<u>649,000</u>	<u>6,961,868</u>
State sources	2,019,005	-	-	-	2,019,005
Federal sources	-	197,981	-	-	197,981
Total revenues	<u>8,308,392</u>	<u>221,462</u>	<u>-</u>	<u>649,000</u>	<u>9,178,854</u>
<b>Expenditures</b>					
Current					
Instructional					
Regular instruction	2,358,144	40,410	-	-	2,398,554
Special education instruction	687,363	-	-	-	687,363
Other special instruction	96,322	12,260	-	-	108,582
Other instruction	39,377	-	-	-	39,377
Support service & undistributed costs					
Tuition	257,037	58,000	-	-	315,037
Student & instruction related services	1,098,149	97,354	-	-	1,195,503
General & business administrative services	400,321	-	-	-	400,321
School administrative services	140,014	-	-	-	140,014
Plant operations & maintenance	921,625	-	-	-	921,625
Pupil transportation	440,302	-	-	-	440,302
Unallocated benefits	1,232,961	195	-	-	1,233,156

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 728,380	\$ 9,488	\$ -	\$ -	\$ 737,868
Debt service					
Principal	238,823	-	-	555,000	793,823
Interest & other charges	36,136	-	-	94,000	130,136
Total expenditures	<u>8,674,954</u>	<u>217,707</u>	<u>-</u>	<u>649,000</u>	<u>9,541,661</u>
Excess (deficiency) of revenues over (under) expenditures	(366,562)	3,755	-	-	(362,807)
Fund balances, July 1	<u>3,213,593</u>	<u>56,879</u>	<u>-</u>	<u>-</u>	<u>3,270,472</u>
Fund balances, June 30	<u><u>\$ 2,847,031</u></u>	<u><u>\$ 60,634</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,907,665</u></u>

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

Total net changes in fund balances - governmental fund (from B-2) \$ (362,807)

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

Capital outlays are reported in governmental funds as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:

Capital outlays	\$ 737,868	
Depreciation and amortization expense	<u>(641,020)</u>	
		96,848

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Lease principal payment	238,823	
Debt principal payments	<u>555,000</u>	
		793,823

Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium		37,518
------------------------------	--	--------

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

46,345

In the Statement of Activities, interest on the deferred outflow from a refunding issue is amortized to interest expense over the remaining life of the old or new debt, whichever is shorter.

(30,763)

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities (continued)**  
**For the Fiscal Year Ended June 30, 2022**

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reconciling item. \$ 15,608

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. (6,413)

Change in net position of governmental activities \$ 590,159

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2022**

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 25,239
Receivables from other governments	
State	110
Federal	4,820
Due from other funds	142
Inventory	2,487
Total current assets	<u>32,798</u>
Noncurrent assets	
Capital assets	18,077
Less: accumulated depreciation	<u>11,357</u>
Total noncurrent assets	<u>6,720</u>
Total assets	<u>39,518</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	1,317
Unearned revenues - prepaid sales	<u>1,845</u>
Total liabilities	<u>3,162</u>
Net position	
Net investment in capital assets	6,720
Unrestricted	<u>29,636</u>
Total net position	<u>\$ 36,356</u>

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2022**

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - non-reimbursable programs	\$ 9,665
Total operating revenues	9,665
Operating expenses	
Cost of sales - reimbursable programs	24,425
Cost of sales - non-reimbursable programs	20,113
Commodity food costs	4,394
Salaries	17,981
Support services - employee benefits	2,572
Purchased professional/technical services	1,565
Other purchased services	
Insurance	3,070
Management fee	7,559
Supplies and materials	1,466
Depreciation	1,436
Miscellaneous	46
Total operating expenses	84,627
Operating income (loss)	(74,962)
Non-operating revenues (expenses)	
State sources	
State school lunch program	1,920
Federal sources	
National school lunch program	
Cash assistance	82,566
Non cash assistance (commodities)	4,394
P-EBT Administrative	1,242
Other sources	
Interest earned on investments	3
Total non-operating revenues (expenses)	90,125
Net position, beginning	21,193
Net position, ending	\$ 36,356

See accompanying notes to financial statements.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2022**

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ 8,183
Payments to Food Service Management Company	(80,517)
Payments to vendors and employees (net)	(48)
Net cash provided by (used for) operating activities	(72,382)
Cash flows from non-capital financing activities	
State sources	2,066
Federal sources	84,520
Net interfund transactions	9,092
Net cash provided by (used for) non-capital financing activities	95,678
Cash flows from investing activities	
Interest earned on investments	3
Net increase (decrease) in cash and cash equivalents	23,299
Cash and cash equivalents, beginning	1,940
Cash and cash equivalents, ending	\$ 25,239
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (74,962)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,436
Federal food donation program	4,394
(Increase) decrease in accounts payable	(3,009)
(Increase) decrease in inventory	1,292
Increase (decrease) in unearned revenue	(1,533)
Net cash provided by (used for) operating activities	\$ (72,382)

See accompanying notes to financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**

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

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2022 of 263 students.

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

The District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

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

Note 1 - Summary of significant accounting policies (continued)

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

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

*Special Revenue Fund* - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities. Amounts maintained for private purpose scholarship accounts are utilized for scholarship awards to qualifying students.

*Capital Projects Fund* - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

The District did not utilize the capital projects fund during the fiscal year.

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

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

Note 1 - Summary of significant accounting policies (continued)

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

Proprietary fund types (continued)

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

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

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

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

Equipment	12 Years
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Fiduciary Fund Types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

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

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2021-2022 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

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

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

J. Capital assets

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

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

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

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

K. Compensated absences

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



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

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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

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

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

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

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

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amount on pension activity and deferred amount on refunding bond issue. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

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

Note 2 - Tax assessments and property taxes

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2022, the District had no investments.

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

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

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

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

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

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

As of June 30, 2022, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	<u>2,557,402</u>
Total bank balances	<u>\$ 2,807,402</u>

Deposits at June 30, 2022 appear in the financial statements as summarized below:

Cash		<u>\$ 2,688,835</u>
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 372,108
Enterprise funds, Statement of Net Position	B-4	25,239
Restricted cash		
Governmental funds, Balance Sheet	B-1	<u>2,291,488</u>
Total cash		<u>\$ 2,688,835</u>

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

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 285,100	\$ -	\$ -	\$ 285,100
Construction in progress	449,162	678,791	-	1,127,953
Total	<u>734,262</u>	<u>678,791</u>	<u>-</u>	<u>1,413,053</u>
Capital assets, being depreciated				
Land improvements	260,049	-	-	260,049
Building & improvements	14,817,156	44,501	-	14,861,657
Leased building improvements (intangible asset)	1,200,000	-	-	1,200,000
Furniture & equipment	522,811	14,576	-	537,387
Vehicles	50,054	-	-	50,054
Total	<u>16,850,070</u>	<u>59,077</u>	<u>-</u>	<u>16,909,147</u>
Accumulated depreciation and accumulated amortization				
Land improvements	160,706	9,719	-	170,425
Building & improvements	5,108,786	364,355	-	5,473,141
Leased building improvements	660,000	240,000	-	900,000
Furniture & equipment	326,709	23,818	-	350,527
Vehicles	46,926	3,128	-	50,054
Total	<u>6,303,127</u>	<u>641,020</u>	<u>-</u>	<u>6,944,147</u>
Total capital assets, being depreciated, net	<u>10,546,943</u>	<u>(581,943)</u>	<u>-</u>	<u>9,965,000</u>
Governmental activities capital assets, net	<u>\$ 11,281,205</u>	<u>\$ 96,848</u>	<u>-</u>	<u>\$ 11,378,053</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 18,077	\$ -	\$ -	\$ 18,077
Less: accumulated depreciation	9,921	1,436	-	11,357
Business type activities capital assets, net	<u>\$ 8,156</u>	<u>\$ (1,436)</u>	<u>-</u>	<u>\$ 6,720</u>

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

Note 4 - Capital assets (continued)

Depreciation and amortization expense were charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	306,287
Special education		87,774
Other special education		13,865
Other instruction		5,028
Support services		
Student & instruction		152,661
General & business administration		51,119
School administration		17,879
Plant maintenance		3,279
Transportation		3,128
Total depreciation and amortization expense, governmental activities	\$	641,020

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 2,350,000	\$ -	\$ 555,000	\$ 1,795,000	\$ 575,000
Bond premium	168,834	-	37,518	131,316	37,518
Capital leases payable	737,178	-	238,823	498,355	246,408
Compensated absences payable	29,577	6,413	-	35,990	-
PERS net pension liability	1,073,162	-	177,550	895,612	-
Total governmental activities long-term liabilities	\$ 4,358,751	\$ 6,413	\$ 1,008,891	\$ 3,356,273	\$ 858,926

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2022, including interest payments are listed as follows:

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

Note 5 - Long-term debt (continued)

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 575,000	\$ 71,800	\$ 646,800
2024	600,000	48,840	648,840
2025	620,000	24,800	644,800
Total	<u>\$ 1,795,000</u>	<u>\$ 145,440</u>	<u>\$ 1,940,440</u>

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2022, with their outstanding balances are comprised of the following individual issues:

\$5,380,000 - 2013 general obligation school building bonds, interest at 2.00% to 4.00% due in annual installments beginning Feb. 15, 2015 through Feb. 15, 2025.	<u>\$ 1,795,000</u>
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The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2022 is \$16,590,022. General obligation debt at June 30, 2022 is \$1,795,000, resulting in a legal debt margin of \$14,795,022.

Lease payable

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

The annual requirements for the capital lease payable as of June 30, 2022, including interest payments are listed as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 246,408	\$ 15,087	\$ 261,495
2024	251,947	9,549	261,496
Total	<u>\$ 498,355</u>	<u>\$ 24,636</u>	<u>\$ 522,991</u>



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

Note 6 - Pension plans

Description of systems

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

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25-years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

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

Note 6 - Pension plans

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2021 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For state fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

The employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009.

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

Note 6 - Pension plans (continued)

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

Contributions (continued)

Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The District's contractually required contribution rate for the year ended June 30, 2022 was 16.90% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2021:

Net pension liability	\$ 895,612
Proportionate share	.0075601378%

Plan fiduciary net position as a percentage of the total pension liability	70.33%
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The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

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

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

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information (continued)

Preretirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

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

Note 6 - Pension plan (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (7.00%)	\$ 895,612
At a 1% lower rate (6.00%)	1,232,643
At a 1% higher rate (8.00%)	627,242

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2021 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,125	\$ 6,412
Changes of assumptions	4,664	318,844
Net difference between projected and actual earnings on pension plan investments	-	235,928
Changes in proportion and differences between District contributions and proportionate share of contributions	482,745	41,496
District contributions subsequent to the measurement date	88,538	-
Total	<u>\$ 590,072</u>	<u>\$ 602,680</u>

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

Note 6 - Pension plan (continued)

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

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

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2022, the plan measurement date is June 30, 2021) of \$88,538 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2021 measurement date:

	Beginning Balance	Net change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 19,541	\$ (5,416)	\$ 14,125
Changes of assumptions	34,815	(30,151)	4,664
Differences between expected and actual experience	36,682	(36,682)	-
Deferred Inflows of Resources			
Differences between expected and actual experience	(3,795)	(2,617)	(6,412)
Changes of assumptions	(449,343)	130,499	(318,844)
Differences between projected and actual investment earnings on pension plan investments	-	(235,928)	(235,928)
Net of deferred outflows	\$ (362,100)	\$ (180,295)	\$ (542,395)

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

<u>Fiscal Year Ended June 30,</u>	
2022	\$ (211,326)
2023	(150,886)
2024	(102,879)
2025	(77,334)
2026	30
Total	\$ (542,395)

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

Note 6 - Pension plan (continued)

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

Pension expense

For the fiscal year ended June 30, 2022, the District recognized net pension expense (benefit) of (\$42,190) which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$122,304), plus the net amortization of deferred amounts from changes in proportion of \$181,041, and plus other adjustments to the net pension liability of (\$16,547). The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2021 measurement date are as follows:

Service cost	\$ 52,743
Interest on total pension liability	207,260
Benefit changes	-
Member contributions	(42,910)
Administrative expense	750
Expected investment return net of investment expense	(113,072)
Pension expense related to specific liabilities of individual employers	(529)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	5,807
Changes of assumptions	(157,325)
Difference between projected and actual investment earnings on pension plan investments	(75,028)
Pension expense (benefit)	<u>\$ (122,304)</u>

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

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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

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

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

The following represents the membership tiers for TPAF:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2021, the State’s pension contribution was less than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities’ total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the local participating employer.



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

Note 6 - Pension plan (continued)

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

Special funding situation (continued)

During the State fiscal year ended June 30, 2021, the State of New Jersey contributed \$630,282 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

The District’s proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2021 measurement date is as follows:

District proportionate share of net pension liability	\$ 16,035,677
Less: State proportionate share of net pension liability	5,695,875
Net pension liability	\$ 10,339,802

Plan fiduciary net position as a percentage of the total pension liability	35.52%
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The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	1.55 - 4.45%
Thereafter	2.75 – 5.65%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Note 6 - Pension plan (continued)

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

Actuarial assumptions

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.

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

Note 6 - Pension plan (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (7.00%)	\$ 10,339,802
At a 1% lower rate (6.00%)	12,233,713
At a 1% higher rate (8.00%)	8,749,036

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the District for the year ended June 30, 2021 measurement date are as follows:

Service cost	\$ 377,714
Interest on total pension liability	1,008,039
Benefit changes	-
Member contributions	(189,695)
Administrative expense	1,941
Expected investment return net of investment expense	(313,182)
Pension expense related to specific liabilities of individual employers	(87)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	43,334
Changes of assumptions	(484,459)
Difference between projected and actual investment earnings on pension plan investments	(200,305)
Pension expense	<u>\$ 243,300</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2022) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcprp](http://www.prudential.com/njdcprp).

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

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's net contribution to the DCRP for fiscal year ending 2022 was \$1,290.

D. Other pension plan information

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$200,118 to the TPAF for postretirement medical benefits, \$11,916 for non-contributory insurance premiums, \$412 for long-term disability insurance, and \$844,607 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$175,908 during the fiscal year ended June 30, 2022 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as the employers) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

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

Note 7 - Postretirement benefits (continued)

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment 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.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District.

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

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2021 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 60,007,650,970
District's proportionate share of the State's OPEB liability	12,376,323
Employer OPEB expense and related revenue	586,237
Allocable proportionate percentage	0.0206245750%

Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2020	\$ 14,090,114
Service cost	559,606
Interest cost	321,055
Change of benefit terms	(13,173)
Differences between expected and actual experiences	(2,348,796)
Changes of assumptions	12,210
Member contributions	8,208
Gross benefit payments	(252,901)
Total OPEB liability at June 30, 2021	<u>\$ 12,376,323</u>

There were no changes of the benefit terms from June 30, 2020 to June 30, 2021.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% as of the June 30, 2020 plan measurement date to 2.16% as of the June 30, 2021 plan measurement date.

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
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**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)  
Changes in the total OPEB liability (continued)

	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	2.75% - 5.65%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 Safety (PFRS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

Note 7 - Postretirement benefits (continued)

Discount Rate (continued)

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

The following presents the total non-employer OPEB liability as of June 30, 2021 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.16%)	\$ 12,376,323
At a 1% lower rate (1.16%)	14,824,892
At a 1% higher rate (3.16%)	10,448,222

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 12,376,323
At a 1% lower rate (1% decrease)	10,018,674
At a 1% higher rate (1% increase)	15,542,472

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$586,237 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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



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

Note 8 - Deferred compensation

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

Syracusa Benefits  
 Variable Annuity Life Insurance Co.  
 AXA Equitable  
 Lincoln Investment Planning

Note 9 - Interfund receivable and payables

	Receivable	Payable
General fund	\$ 121,251	\$ 142
Special revenue fund	-	121,251
Cafeteria fund	142	-
	\$ 121,393	\$ 121,393

As of June 30, 2022, the general fund has an interfund receivable for \$121,251 due from the special revenue fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues. The general fund has an interfund payable for \$142 to the cafeteria fund that represents the subsidy aid that was received in the general fund but not disbursed to the food service fund.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2022 consisted of the following:

Food	\$ 2,341
Supplies	146
Total	\$ 2,487

Note 11 - Contingent liabilities

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

Note 12 - Risk management

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

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

Note 12 - Risk management (continued)

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

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

Fiscal Year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance Available For Claims
2021 - 2022	\$ -	\$ 83	\$ 6,256	\$ -	\$ 315,210
2020 - 2021	50,000	66	5,132	1,839	308,871
2019 - 2020	50,000	1,568	4,877	-	255,512

Note 13 - Reserve accounts

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

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the reserves by Board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$293,000 to their capital reserve by Board resolution in June 2022 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

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

Note 13 - Reserve accounts (continued)

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 1,990,864	\$ 293,000	\$ 473	\$ -	\$ 676,500	\$ 1,607,837
Maintenance	407,807	-	-	-	100,000	307,807
Total	<u>\$ 2,398,671</u>	<u>\$ 293,000</u>	<u>\$ 473</u>	<u>\$ -</u>	<u>\$ 776,500</u>	<u>\$ 1,915,644</u>

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2022 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 1,607,837
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	307,807
Unemployment compensation - Represents funds accumulated for future unemployment claims.	305,661

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	40,798
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Assigned

Designated surplus - Designated for Subsequent Year's Expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	104,739
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	<u>516,766</u>
Total fund balance - Budgetary basis (Exhibit C-1)	2,883,608
Last state aid payments not recognized on GAAP basis	<u>(36,577)</u>
Total fund balance - GAAP basis (B-1)	<u>\$ 2,847,031</u>

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$0.

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

Note 16 - Recent accounting pronouncements not yet effective

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

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

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

Note 17 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2022 of (\$382,258) on Schedule A-1, Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.

Note 18 - Risks and uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The COVID-19 outbreak) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.

Note 19 - Subsequent events

The District has evaluated subsequent events through February 15, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 6,096,311	\$ -	\$ 6,096,311	\$ 6,096,311	\$ -
Tuition from individuals	65,250	-	65,250	29,492	(35,758)
Tuition from other LEAs within the state	207,600	-	207,600	103,800	(103,800)
Rents and royalties	2,500	-	2,500	850	(1,650)
Unrestricted miscellaneous revenues	27,400	-	27,400	58,378	30,978
Interest earned on maintenance reserve	100	-	100	-	(100)
Interest earned on capital reserve funds	500	-	500	473	(27)
Other restricted miscellaneous revenues	-	-	-	83	83
<b>Total</b>	<b>6,399,661</b>	<b>-</b>	<b>6,399,661</b>	<b>6,289,387</b>	<b>(110,274)</b>
<b>State sources</b>					
School choice aid	91,812	-	91,812	91,812	-
Categorical transportation aid	58,632	-	58,632	58,632	-
Extraordinary aid	163,000	-	163,000	381,770	218,770
Categorical special education aid	239,386	-	239,386	239,386	-
Categorical security aid	21,010	-	21,010	21,010	-
Adjustment Aid	2,057	-	2,057	2,057	-
Other state aid	2,000	-	2,000	3,480	1,480
TPAF Pension (on-behalf)	-	-	-	844,607	844,607
TPAF Non-contributory insurance	-	-	-	11,916	11,916
TPAF Social Security (reimbursed)	-	-	-	175,908	175,908
TPAF Postretirement benefits	-	-	-	200,118	200,118
TPAF Long-term disability insurance	-	-	-	412	412
<b>Total</b>	<b>577,897</b>	<b>-</b>	<b>577,897</b>	<b>2,031,108</b>	<b>1,453,211</b>
<b>Total revenues</b>	<b>\$ 6,977,558</b>	<b>\$ -</b>	<b>\$ 6,977,558</b>	<b>\$ 8,320,495</b>	<b>\$ 1,342,937</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction - regular program</b>					
<b>Salaries of teachers</b>					
Preschool	\$ 33,430	\$ 1,150	\$ 34,580	\$ 34,517	\$ 63
Kindergarten	205,465	(4,179)	201,286	198,140	3,146
Grades 1-5	928,854	(48,322)	880,532	883,747	(3,215)
Grades 6-8	599,001	5,599	604,600	592,735	11,865
<b>Home instruction</b>					
Salaries of teacher	1,250	-	1,250	-	1,250
Purchased professional - educational services	1,250	(1,250)	-	-	-
<b>Regular programs - undistributed instruction</b>					
Other salaries for instruction	11,000	-	11,000	4,500	6,500
Purchased professional - educational services	40,150	(717)	39,433	29,216	10,217
Purchased technical services	66,075	(3,095)	62,980	62,826	154
Other purchased services	31,000	(12,026)	18,974	15,851	3,123
General supplies	98,255	(67)	98,188	87,251	10,937
<b>Total</b>	<b>2,015,730</b>	<b>(62,907)</b>	<b>1,952,823</b>	<b>1,908,783</b>	<b>44,040</b>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Multiple disabilities					
Salaries of teachers	\$ 129,345	\$ (3,727)	\$ 125,618	\$ 71,580	\$ 54,038
Other salaries for instruction	41,080	-	41,080	40,537	543
Purchased professional-educational services	231,950	(163,393)	68,557	68,556	1
General supplies	1,500	3,401	4,901	4,714	187
Total	<u>403,875</u>	<u>(163,719)</u>	<u>240,156</u>	<u>185,387</u>	<u>54,769</u>
Resource room/resource center					
Salaries of teachers	258,730	48,440	307,170	306,932	238
General supplies	2,500	-	2,500	1,866	634
Other objects	19,050	(8,615)	10,435	4,051	6,384
Total	<u>280,280</u>	<u>39,825</u>	<u>320,105</u>	<u>312,849</u>	<u>7,256</u>
Preschool disabilities - full-time					
Salaries of teachers	33,930	(3,000)	30,930	30,930	-
Purchased professional - educational services	48,950	(1,725)	47,225	47,225	-
General supplies	500	(500)	-	-	-
Other objects	500	(500)	-	-	-
Total	<u>83,880</u>	<u>(5,725)</u>	<u>78,155</u>	<u>78,155</u>	<u>-</u>
Total special education	<u>768,035</u>	<u>(129,619)</u>	<u>638,416</u>	<u>576,391</u>	<u>62,025</u>
Basic skills/remedial					
Salaries of teachers	59,755	36,886	96,641	95,708	933
General supplies	750	-	750	614	136
Total	<u>60,505</u>	<u>36,886</u>	<u>97,391</u>	<u>96,322</u>	<u>1,069</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	11,456	-	11,456	9,836	1,620
Total	<u>11,456</u>	<u>-</u>	<u>11,456</u>	<u>9,836</u>	<u>1,620</u>
School-sponsored athletics - instruction					
Salaries	22,927	-	22,927	21,397	1,530
Purchased services	12,000	-	12,000	4,930	7,070
Supplies and materials	10,000	(6,542)	3,458	3,214	244
Total	<u>44,927</u>	<u>(6,542)</u>	<u>38,385</u>	<u>29,541</u>	<u>8,844</u>
Summer school - instruction					
Salaries of teachers	10,000	(10,000)	-	-	-
Salaries of teacher tutors	2,500	(2,500)	-	-	-
Total	<u>12,500</u>	<u>(12,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total summer school	<u>12,500</u>	<u>(12,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Instructional alternative ed program - instruction					
Salaries of teachers	-	10,000	10,000	-	10,000
Salaries of teacher tutors	-	2,500	2,500	-	2,500
Total	<u>-</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Total instruction regular	<u>\$ 2,913,153</u>	<u>\$ (162,182)</u>	<u>\$ 2,750,971</u>	<u>\$ 2,620,873</u>	<u>\$ 130,098</u>

See independent auditors' report.



**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 104,500	\$ (32,100)	\$ 72,400	\$ 72,400	\$ -
Tuition to priv. school for the disabled w/i state	129,901	54,736	184,637	184,637	-
Total	<u>234,401</u>	<u>22,636</u>	<u>257,037</u>	<u>257,037</u>	<u>-</u>
Undistributed expenditures - attendance & social work					
Salaries	29,775	-	29,775	28,756	1,019
Total	<u>29,775</u>	<u>-</u>	<u>29,775</u>	<u>28,756</u>	<u>1,019</u>
Undistributed expenditures - health services					
Salaries	75,412	765	76,177	73,308	2,869
Purchased professional and technical services	3,100	(765)	2,335	1,750	585
Supplies and materials	2,100	-	2,100	2,047	53
Other objects	250	-	250	-	250
Total	<u>80,862</u>	<u>-</u>	<u>80,862</u>	<u>77,105</u>	<u>3,757</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	-	60,647	60,647	60,646	1
Purchased professional - educational services	135,500	(14,964)	120,536	116,540	3,996
Supplies and materials	750	-	750	-	750
Other objects	4,500	(4,500)	-	-	-
Total	<u>140,750</u>	<u>41,183</u>	<u>181,933</u>	<u>177,186</u>	<u>4,747</u>
Undistributed expenditures - other supp. service stds. - extra service					
Purchased professional - educational services	196,950	36,111	233,061	240,648	(7,587)
Total	<u>196,950</u>	<u>36,111</u>	<u>233,061</u>	<u>240,648</u>	<u>(7,587)</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	65,198	-	65,198	65,198	-
Supplies and materials	250	-	250	246	4
Total	<u>65,448</u>	<u>-</u>	<u>65,448</u>	<u>65,444</u>	<u>4</u>
Undistributed expenditures - child study teams					
Salaries of secretarial and clerical assistants	43,605	-	43,605	2,627	40,978
Other salaries	5,000	-	5,000	3,255	1,745
Purchased professional - educational services	283,250	-	283,250	248,300	34,950
Other purchased services	10,000	-	10,000	8,301	1,699
Supplies and materials	5,600	-	5,600	3,111	2,489
Other objects	1,000	(422)	578	-	578
Total	<u>348,455</u>	<u>(422)</u>	<u>348,033</u>	<u>265,594</u>	<u>82,439</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	5,000	-	5,000	-	5,000
Salaries of other professional staff	21,218	6,366	27,584	27,584	-
Purchased professional - educational services	43,750	2,816	46,566	46,566	-
Supplies and materials	750	1,636	2,386	2,386	-
Total	<u>70,718</u>	<u>10,818</u>	<u>81,536</u>	<u>76,536</u>	<u>5,000</u>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries of technology coordinators	\$ 62,264	\$ 1	\$ 62,265	\$ 62,264	\$ 1
Purchased professional and technical services	3,000	1,922	4,922	4,522	400
Supplies and materials	4,711	(1,501)	3,210	3,032	178
<b>Total</b>	<b>69,975</b>	<b>422</b>	<b>70,397</b>	<b>69,818</b>	<b>579</b>
Undistributed expenditures - instructional staff training services					
Other purchased services	10,000	(8,050)	1,950	1,950	-
<b>Total</b>	<b>10,000</b>	<b>(8,050)</b>	<b>1,950</b>	<b>1,950</b>	<b>-</b>
Undistributed expend. - support service - general admin.					
Salaries	76,110	2	76,112	76,110	2
Legal services	10,000	9,318	19,318	19,084	234
Audit fees	18,500	(38)	18,462	18,300	162
Architectural/engineering services	5,000	(3,760)	1,240	1,240	-
Other purchased professional services	112,350	263	112,613	109,002	3,611
Purchased technical services	5,000	(5,000)	-	-	-
Communications/telephone	4,000	(500)	3,500	801	2,699
BOE other purchased services	500	(500)	-	-	-
Miscellaneous purchased services	5,000	2,776	7,776	7,775	1
General supplies	500	(302)	198	132	66
Miscellaneous expenditures	250	(250)	-	-	-
BOE membership dues and fees	6,500	(2,008)	4,492	4,492	-
<b>Total</b>	<b>243,710</b>	<b>1</b>	<b>243,711</b>	<b>236,936</b>	<b>6,775</b>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	84,872	1	84,873	84,872	1
Salaries of secretarial and clerical assistants	30,975	(1)	30,974	29,956	1,018
Supplies and materials	1,100	-	1,100	925	175
Other objects	250	-	250	-	250
<b>Total</b>	<b>117,197</b>	<b>-</b>	<b>117,197</b>	<b>115,753</b>	<b>1,444</b>
Undistributed expenditures - central services					
Salaries	97,112	1	97,113	97,113	-
Purchased professional services	17,625	(528)	17,097	16,381	716
Miscellaneous purchased services	700	(269)	431	275	156
Supplies and materials	1,000	(1)	999	849	150
Other objects	1,050	797	1,847	1,846	1
<b>Total</b>	<b>117,487</b>	<b>-</b>	<b>117,487</b>	<b>116,464</b>	<b>1,023</b>
Undistributed expend. - required maint. for school facilities					
Salaries	70,126	11,726	81,852	81,851	1
Cleaning, repair, and maintenance services	163,882	17,418	181,300	141,748	39,552
Lead testing in water	6,000	(3,806)	2,194	-	2,194
General supplies	7,500	647	8,147	7,886	261
Other objects	3,440	852	4,292	4,158	134
<b>Total</b>	<b>250,948</b>	<b>26,837</b>	<b>277,785</b>	<b>235,643</b>	<b>42,142</b>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 190,425	\$ -	\$ 190,425	\$ 155,342	\$ 35,083
Purchased professional and technical services	250	(250)	-	-	-
Cleaning, repair, and maintenance service	36,000	(6,983)	29,017	27,016	2,001
Rental of land & bldg. other than lease purch agreement	23,484	(810)	22,674	22,673	1
Insurance	61,400	100	61,500	61,500	-
Miscellaneous purchased services	250	(132)	118	118	-
General supplies	30,476	2,022	32,498	32,121	377
Energy (natural gas)	5,000	(3,248)	1,752	1,752	-
Energy (electricity)	125,000	(26,310)	98,690	92,949	5,741
Energy (oil)	55,000	36,057	91,057	91,057	-
<b>Total</b>	<b>527,285</b>	<b>446</b>	<b>527,731</b>	<b>484,528</b>	<b>43,203</b>
Undistributed expenditures - care and upkeep of grounds					
Salaries	-	16,829	16,829	16,819	10
Cleaning, repair, and maintenance service	37,500	(5,832)	31,668	27,879	3,789
<b>Total</b>	<b>37,500</b>	<b>10,997</b>	<b>48,497</b>	<b>44,698</b>	<b>3,799</b>
Undistributed expenditures - security					
Purchased professional and technical services	500	67	567	567	-
General supplies	1,500	(775)	725	625	100
<b>Total</b>	<b>2,000</b>	<b>(708)</b>	<b>1,292</b>	<b>1,192</b>	<b>100</b>
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	10,500	2,200	12,700	12,700	-
Salaries for pupil trans (between home & school) - reg.	29,615	(29,615)	-	-	-
Salaries for pupil trans. (between home & school) - sp. ed.	27,075	-	27,075	26,649	426
Salaries for pupil trans (other than between home & school)	-	29,615	29,615	29,613	2
Management fee - ESC & CTSA trans. program	7,500	-	7,500	760	6,740
Other purchased professional and technical service	3,000	-	3,000	1,420	1,580
Cleaning, repair, & maint. services	2,000	-	2,000	787	1,213
Contract serv. - aid in lieu pymts - non-public schools	20,000	(10,500)	9,500	9,500	-
Contract serv. - aid in lieu pymts - choice school students	5,000	(3,700)	1,300	-	1,300
Contract serv. (oth. than between home & school) - vend.	20,000	-	20,000	15,108	4,892
Contract serv (sp ed stds) - joint agreements	77,500	(12,085)	65,415	52,785	12,630
Contract serv. (reg. students) - ESCs & CTSAAs	162,500	1,000	163,500	163,453	47
Contract serv. (spl. ed. students) - ESCs & CTSAAs	88,500	4,000	92,500	92,405	95
Transportation supplies	8,500	(1,000)	7,500	2,269	5,231
<b>Total</b>	<b>461,690</b>	<b>(20,085)</b>	<b>441,605</b>	<b>407,449</b>	<b>34,156</b>
Allocated benefits - employee benefits					
Regular programs - instruction					
Social Security contributions	10,615	14,506	25,121	25,416	(295)
Other retirement contributions - PERS	750	15,790	16,540	16,539	1
Workmen's compensation	25,000	-	25,000	25,000	-
Health benefits	404,635	-	404,635	374,627	30,008
Tuition reimbursement	14,000	(6,998)	7,002	6,791	211
Other employee benefits	3,700	-	3,700	988	2,712
<b>Total</b>	<b>458,700</b>	<b>23,298</b>	<b>481,998</b>	<b>449,361</b>	<b>32,637</b>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special programs - instruction					
Other retirement contributions - PERS	\$ 6,000	\$ -	\$ 6,000	\$ 6,000	\$ -
Health benefits	99,272	-	99,272	99,272	-
Other employee benefits	700	-	700	700	-
Unused sick payment to terminated/retired staff	-	5,000	5,000	5,000	-
Total	<u>105,972</u>	<u>5,000</u>	<u>110,972</u>	<u>110,972</u>	<u>-</u>
Other instructional programs - instruction					
Social Security contributions	950	-	950	-	950
Total	<u>950</u>	<u>-</u>	<u>950</u>	<u>-</u>	<u>950</u>
Attendance and social work services					
Social Security contributions	2,295	-	2,295	2,029	266
Other retirement contributions - PERS	4,764	-	4,764	4,764	-
Workmen's compensation	375	-	375	375	-
Health benefits	12,282	-	12,282	12,282	-
Other employee benefits	100	-	100	100	-
Total	<u>19,816</u>	<u>-</u>	<u>19,816</u>	<u>19,550</u>	<u>266</u>
Health services					
Social Security contributions	1,000	-	1,000	660	340
Workmen's compensation	750	-	750	750	-
Health benefits	3,000	-	3,000	3,000	-
Other employee benefits	100	-	100	100	-
Total	<u>4,850</u>	<u>-</u>	<u>4,850</u>	<u>4,510</u>	<u>340</u>
Other supp services - guidance					
Workmen's compensation	750	-	750	495	255
Health benefits	9,863	-	9,863	9,863	-
Other employee benefits	100	-	100	100	-
Total	<u>10,713</u>	<u>-</u>	<u>10,713</u>	<u>10,458</u>	<u>255</u>
Other supp services - child study teams					
Social Security contributions	3,700	-	3,700	2,445	1,255
Other retirement contributions - PERS	6,975	-	6,975	6,975	-
Workmen's compensation	750	-	750	-	750
Health benefits	3,000	-	3,000	3,000	-
Other employee benefits	100	-	100	100	-
Total	<u>14,525</u>	<u>-</u>	<u>14,525</u>	<u>12,520</u>	<u>2,005</u>
Improvement of instruction services					
Social Security contributions	230	494	724	563	161
Workmen's compensation	750	-	750	350	400
Health benefits	8,796	-	8,796	8,796	-
Total	<u>9,776</u>	<u>494</u>	<u>10,270</u>	<u>9,709</u>	<u>561</u>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Educational media services - sch. library					
Social Security contributions	\$ 5,000	\$ -	\$ 5,000	\$ 4,258	\$ 742
Other retirement contributions - PERS	10,000	-	10,000	10,000	-
Health benefits	23,782	-	23,782	23,782	-
Other employee benefits	325	-	325	325	-
Total	<u>39,107</u>	<u>-</u>	<u>39,107</u>	<u>38,365</u>	<u>742</u>
Support Services - general administration					
Social Security contributions	5,825	-	5,825	5,161	664
Other retirement contributions - PERS	10,636	-	10,636	10,636	-
Workmen's compensation	500	-	500	-	500
Health benefits	22,759	-	22,759	22,759	-
Other employee benefits	350	-	350	350	-
Total	<u>40,070</u>	<u>-</u>	<u>40,070</u>	<u>38,906</u>	<u>1,164</u>
Support services - school administration					
Social Security contributions	2,450	-	2,450	2,380	70
Other retirement contributions - PERS	4,315	-	4,315	4,315	-
Workmen's compensation	500	-	500	-	500
Health benefits	12,215	1	12,216	12,216	-
Tuition reimbursement	5,000	-	5,000	5,000	-
Other employee benefits	350	-	350	350	-
Total	<u>24,830</u>	<u>1</u>	<u>24,831</u>	<u>24,261</u>	<u>570</u>
Support Services - central services					
Social Security contributions	2,265	-	2,265	2,265	-
Other retirement contributions - PERS	4,000	-	4,000	4,000	-
Workmen's compensation	1,500	-	1,500	-	1,500
Health benefits	13,471	-	13,471	1,270	12,201
Other employee benefits	750	-	750	480	270
Total	<u>21,986</u>	<u>-</u>	<u>21,986</u>	<u>8,015</u>	<u>13,971</u>
Required maintenance for school facilities					
Social Security contributions	5,300	400	5,700	5,529	171
Other retirement contributions - PERS	10,500	-	10,500	10,500	-
Workmen's compensation	750	-	750	-	750
Health benefits	28,971	-	28,971	28,971	-
Other employee benefits	325	-	325	325	-
Total	<u>45,846</u>	<u>400</u>	<u>46,246</u>	<u>45,325</u>	<u>921</u>
Custodial services					
Social Security contributions	14,500	(400)	14,100	11,944	2,156
Other retirement contributions - PERS	23,000	-	23,000	23,000	-
Health benefits	74,957	-	74,957	74,957	-
Other employee benefits	750	-	750	-	750
Total	<u>113,207</u>	<u>(400)</u>	<u>112,807</u>	<u>109,901</u>	<u>2,906</u>
Care and upkeep of grounds					
Social Security contributions	-	1,220	1,220	338	882
Total	<u>-</u>	<u>1,220</u>	<u>1,220</u>	<u>338</u>	<u>882</u>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Student transportation services					
Social Security contributions	\$ 5,000	\$ -	\$ 5,000	\$ 3,998	\$ 1,002
Other retirement contributions - PERS	4,000	-	4,000	4,000	-
Other retirement contributions - regular	1,650	-	1,650	1,290	360
Health benefits	23,565	-	23,565	23,565	-
Total	<u>34,215</u>	<u>-</u>	<u>34,215</u>	<u>32,853</u>	<u>1,362</u>
Total allocated benefits - employees	<u>\$ 944,563</u>	<u>\$ 30,013</u>	<u>\$ 974,576</u>	<u>\$ 915,044</u>	<u>\$ 59,532</u>
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 844,607	\$ (844,607)
On-behalf TPAF Pension contribution	-	-	-	11,916	(11,916)
On-behalf TPAF Postretirement medical benefits	-	-	-	200,118	(200,118)
On-behalf TPAF Long-term disability insurance	-	-	-	412	(412)
Reimbursed TPAF Social Security contribution	-	-	-	175,908	(175,908)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,232,961</u>	<u>(1,232,961)</u>
Total undistributed expenditures	<u>\$ 3,949,714</u>	<u>\$ 150,199</u>	<u>\$ 4,099,913</u>	<u>\$ 5,050,742</u>	<u>\$ (950,829)</u>
Total current	<u>\$ 6,862,867</u>	<u>\$ (11,983)</u>	<u>\$ 6,850,884</u>	<u>\$ 7,671,615</u>	<u>\$ (820,731)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ 5,088	\$ -	\$ 5,088	\$ 5,088	\$ -
Undistributed expenditures - security	44,260	11,639	55,899	43,901	11,998
Total equipment	<u>49,348</u>	<u>11,639</u>	<u>60,987</u>	<u>48,989</u>	<u>11,998</u>
Facilities acquisition and construction service					
Architectural/engineering services	72,017	(13,928)	58,089	58,089	-
Construction services	612,500	14,374	626,874	621,302	5,572
Lease purchase agreements - principal	238,823	-	238,823	238,823	-
Assessment for debt service on SDA funding	36,136	-	36,136	36,136	-
Total facilities acquisition and construction service	<u>959,476</u>	<u>446</u>	<u>959,922</u>	<u>954,350</u>	<u>5,572</u>
Total capital outlay	<u>\$ 1,008,824</u>	<u>\$ 12,085</u>	<u>\$ 1,020,909</u>	<u>\$ 1,003,339</u>	<u>\$ 17,570</u>
Total expenditures	<u>\$ 7,871,691</u>	<u>\$ 102</u>	<u>\$ 7,871,793</u>	<u>\$ 8,674,954</u>	<u>\$ (803,161)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (894,133)	\$ (102)	\$ (894,235)	\$ (354,459)	\$ 539,776

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Fund balances, July 1	\$ 3,238,067	\$ -	\$ 3,238,067	\$ 3,238,067	\$ -
Fund balances, June 30	\$ 2,343,934	\$ (102)	\$ 2,343,832	\$ 2,883,608	\$ 539,776
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (101,129)	\$ -	\$ (101,129)	\$ (101,129)	\$ -
Increase in capital reserve	-	293,000	293,000	293,000	-
Interest deposit to capital reserve	500	-	500	473	(27)
Withdrawal from capital reserve	(676,500)	-	(676,500)	(676,500)	-
Interest earned on maintenance reserve	100	-	100	-	(100)
Withdrawal from maintenance reserve	(100,000)	-	(100,000)	(100,000)	-
Interest earned on unemployment compensation	-	-	-	83	83
Budgeted fund balance	(17,104)	(293,102)	(310,206)	229,614	539,820
Total	\$ (894,133)	\$ (102)	\$ (894,235)	\$ (354,459)	\$ 539,776
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 1,607,837	
Maintenance reserve				307,807	
Unemployment compensation				305,661	
Committed fund balance					
Year-end encumbrances				40,798	
Assigned fund balance					
Designated for subsequent year's expenditures				104,739	
Unassigned fund balance				516,766	
Fund balance per budgetary basis				2,883,608	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(36,577)	
Fund balance per governmental funds (GAAP)				\$ 2,847,031	

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources	\$ -	\$ 23,481	\$ 23,481	\$ 23,481	\$ -
State sources	6,016	-	6,016	6,016	-
Federal sources	588,093	(3,755)	584,338	198,086	(386,252)
<b>Total revenues</b>	<b>\$ 594,109</b>	<b>\$ 19,726</b>	<b>\$ 613,835</b>	<b>\$ 227,583</b>	<b>\$ (386,252)</b>
Expenditures					
Instruction					
Salaries	\$ 97,483	\$ -	\$ 97,483	\$ 2,550	\$ 94,933
General supplies	139,703	-	139,703	50,120	89,583
Total	237,186	-	237,186	52,670	184,516
Support services					
Tuition	58,000	-	58,000	58,000	-
Salaries	18,000	-	18,000	-	18,000
Employee benefits	40,388	-	40,388	195	40,193
Purchased professional & technical services	20,944	-	20,944	10,444	10,500
Other purchased services	5,291	-	5,291	5,291	-
General supplies	63,000	34,801	97,801	61,998	35,803
Student activities	-	19,726	19,726	19,726	-
Total	205,623	54,527	260,150	155,654	104,496
Capital outlay					
Building	2,596	-	2,596	-	2,596
Instructional equipment	148,704	(34,801)	113,903	15,504	98,399
Total	151,300	(34,801)	116,499	15,504	100,995
<b>Total expenditures</b>	<b>\$ 594,109</b>	<b>\$ 19,726</b>	<b>\$ 613,835</b>	<b>\$ 223,828</b>	<b>\$ 390,007</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 3,755	\$ 3,755
Fund balances, July 1	56,879	-	56,879	56,879	-
Fund balances, June 30	\$ 56,879	\$ -	\$ 56,879	\$ 60,634	\$ 3,755
Recapitulation of fund balance					
Restricted fund balance					
Scholarships				\$ 30,011	
Student activities				30,623	
Fund balance per budgetary basis				<u>\$ 60,634</u>	

See independent auditors' report.



**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2022**

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 8,320,495	\$ 227,583
<b>Difference - Budget to GAAP</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - current year	-	(6,121)
<b>Differences - Budget to GAAP</b>		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable - prior year	24,474	-
State aid receivable - current year	(36,577)	-
Total revenues (GAAP basis)	<u>\$ 8,308,392</u>	<u>\$ 221,462</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 8,674,954	\$ 223,828
<b>Differences - Budget to GAAP</b>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - current year	-	(6,121)
Total expenditures (GAAP basis)	<u>\$ 8,674,954</u>	<u>\$ 217,707</u>

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT (HUNTERDON COUNTY)**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employees Retirement System**  
**Last Ten Fiscal Years**

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2013	0.0078899285%	\$ 1,507,922	\$ 549,155	274.59%	48.72%
2014	0.0079867967%	1,495,347	239,690	623.87%	52.08%
2015	0.0028656611%	643,283	256,430	250.86%	47.93%
2016	0.0037821410%	1,120,162	245,198	456.84%	40.14%
2017	0.0033631508%	782,888	269,526	290.47%	48.10%
2018	0.0040684600%	801,059	313,395	255.61%	53.60%
2019	0.0068237513%	1,229,536	467,754	262.86%	56.27%
2020	0.0065808336%	1,073,162	523,262	205.09%	58.32%
2021	0.0075601378%	895,612	469,651	190.70%	70.33%
2022	N/A	N/A	523,972	N/A	N/A

N/A = Information not available

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT (HUNTERDON COUNTY)**  
**Schedule of District's Contributions**  
**Public Employees Retirement System**  
**Last Ten Fiscal Years**

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 58,511	\$ (58,511)	\$ -	\$ 549,155	10.65%
2014	59,449	(59,449)	-	239,690	24.80%
2015	65,845	(65,845)	-	256,430	25.68%
2016	24,637	(24,637)	-	245,198	10.05%
2017	33,600	(33,600)	-	269,526	12.47%
2018	31,156	(31,156)	-	313,395	9.94%
2019	40,468	(40,468)	-	467,754	8.65%
2020	66,375	(66,375)	-	523,262	12.68%
2021	71,991	(71,991)	-	469,651	15.33%
2022	88,538	(88,538)	-	523,972	16.90%

N/A = Information not available

See independent auditors' report.

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

	Proportionate share of net pension liability (asset)			Total	District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	0.00%	\$ -	\$ 11,273,116	\$ 11,273,116	\$ 2,024,616	0.00%	33.76%
2014	0.00%	-	10,200,574	10,200,574	2,267,805	0.00%	33.64%
2015	0.00%	-	12,689,567	12,689,567	2,286,558	0.00%	28.71%
2016	0.00%	-	17,984,152	17,984,152	2,447,015	0.00%	22.33%
2017	0.00%	-	15,497,015	15,497,015	2,506,048	0.00%	25.41%
2018	0.00%	-	16,217,588	16,217,588	2,270,414	0.00%	26.49%
2019	0.00%	-	14,912,668	14,912,668	2,376,730	0.00%	26.95%
2020	0.00%	-	14,089,258	14,089,258	2,289,101	0.00%	24.60%
2021	0.00%	-	10,339,802	10,339,802	2,271,362	0.00%	35.52%
2022	N/A	N/A	N/A	N/A	2,411,948	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 144,128	\$ (144,128)	\$ -	\$ 2,024,616	7.12%
2014	80,740	(80,740)	-	2,267,805	3.56%
2015	108,544	(108,544)	-	2,286,558	4.75%
2016	183,036	(183,036)	-	2,447,015	7.48%
2017	258,531	(258,531)	-	2,506,048	10.32%
2018	384,520	(384,520)	-	2,270,414	16.94%
2019	385,353	(385,353)	-	2,376,730	16.21%
2020	488,571	(488,571)	-	2,289,101	21.34%
2021	484,848	(484,848)	-	2,271,362	21.35%
2022	630,282	(630,282)	-	2,411,948	26.13%

N/A = Information not available

See independent auditors' report.

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



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

	Proportionate share of other postemployment employee benefits liability (asset)			Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 11,232,661	\$ 11,232,661	\$ 2,775,574	0.00%	0.00%
2018	0.00%	-	9,419,302	9,419,302	2,583,809	0.00%	0.00%
2019	0.00%	-	8,614,080	8,614,080	2,844,484	0.00%	0.00%
2020	0.00%	-	14,090,114	14,090,114	2,812,363	0.00%	0.00%
2021	0.00%	-	12,376,323	12,376,323	2,741,013	0.00%	0.00%
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2022**

- Note 1 - Special funding situation - TPAF and other postretirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate was 5.40% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% in State fiscal year 2020 and 2.75% in State fiscal year 2021.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 7.00% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% for State fiscal year 2020 and 2.75% for State fiscal year 2021.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate decreased from 2.21% in State fiscal year 2020 to 2.16% in State fiscal year 2021. The inflation rate was 2.50% for State fiscal year 2020 and 2021.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits  
There was a decrease in liability from June 30, 2020 to June 30, 2021 due to employers adopting Chapter 44 provisions.

## **SPECIAL REVENUE FUND**

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2022**

	Total Brought Forward	ESSA Title IIA	ESSA Title IV	IDEA Basic	IDEA Preschool	Total
<b>Revenues</b>						
Local sources	\$ 23,481	\$ -	\$ -	\$ -	\$ -	\$ 23,481
State sources	6,016	-	-	-	-	6,016
Federal sources	116,182	5,291	8,169	64,109	4,335	198,086
<b>Total revenues</b>	<b>\$ 145,679</b>	<b>\$ 5,291</b>	<b>\$ 8,169</b>	<b>\$ 64,109</b>	<b>\$ 4,335</b>	<b>\$ 227,583</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ 2,550	\$ -	\$ -	\$ -	\$ -	\$ 2,550
General supplies	41,951	-	8,169	-	-	50,120
<b>Total</b>	<b>44,501</b>	<b>-</b>	<b>8,169</b>	<b>-</b>	<b>-</b>	<b>52,670</b>
<b>Support services</b>						
Tuition	-	-	-	58,000	-	58,000
Employee benefits	195	-	-	-	-	195
Purchased professional & technical services	-	-	-	6,109	4,335	10,444
Other purchased services	-	5,291	-	-	-	5,291
General supplies	61,998	-	-	-	-	61,998
Student activities	19,726	-	-	-	-	19,726
<b>Total</b>	<b>81,919</b>	<b>5,291</b>	<b>-</b>	<b>64,109</b>	<b>4,335</b>	<b>155,654</b>
<b>Capital outlay</b>						
Instructional equipment	15,504	-	-	-	-	15,504
<b>Total expenditures</b>	<b>\$ 141,924</b>	<b>\$ 5,291</b>	<b>\$ 8,169</b>	<b>\$ 64,109</b>	<b>\$ 4,335</b>	<b>\$ 223,828</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 3,755	\$ -	\$ -	\$ -	\$ -	\$ 3,755
Fund balances, July 1	56,879	-	-	-	-	56,879
Fund balances, June 30	\$ 60,634	\$ -	\$ -	\$ -	\$ -	\$ 60,634

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Total Brought Forward	ESSA Title IA	CRRSA ESSER II	CRRSA Learning Acceleration	CRRSA Mental Health	Total Carried Forward
<b>Revenues</b>						
Local sources	\$ 23,481	\$ -	\$ -	\$ -	\$ -	\$ 23,481
State sources	6,016	-	-	-	-	6,016
Federal sources	28,909	12,260	64,826	3,527	6,660	116,182
<b>Total revenues</b>	<b>\$ 58,406</b>	<b>\$ 12,260</b>	<b>\$ 64,826</b>	<b>\$ 3,527</b>	<b>\$ 6,660</b>	<b>\$ 145,679</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ -	\$ -	\$ -	\$ 2,550	\$ -	\$ 2,550
General supplies	28,909	12,260	-	782	-	41,951
<b>Total</b>	<b>28,909</b>	<b>12,260</b>	<b>-</b>	<b>3,332</b>	<b>-</b>	<b>44,501</b>
<b>Support services</b>						
Tuition	-	-	-	-	-	-
Employee benefits	-	-	-	195	-	195
Purchased professional & technical services	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
General supplies	-	-	55,338	-	6,660	61,998
Student activities	19,726	-	-	-	-	19,726
<b>Total</b>	<b>19,726</b>	<b>-</b>	<b>55,338</b>	<b>195</b>	<b>6,660</b>	<b>81,919</b>
<b>Capital outlay</b>						
Instructional equipment	6,016	-	9,488	-	-	15,504
<b>Total expenditures</b>	<b>\$ 54,651</b>	<b>\$ 12,260</b>	<b>\$ 64,826</b>	<b>\$ 3,527</b>	<b>\$ 6,660</b>	<b>\$ 141,924</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 3,755	\$ -	\$ -	\$ -	\$ -	\$ 3,755
Fund balances, July 1	56,879	-	-	-	-	56,879
Fund balances, June 30	<b>\$ 60,634</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,634</b>

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2022**

	Small, Rural School Achievement	SDA Emergent Capital & Maint.	Scholarships	Student Activities	Total Carried Forward
<b>Revenues</b>					
Local sources	\$ -	\$ -	\$ 8	\$ 23,473	\$ 23,481
State sources	-	6,016	-	-	6,016
Federal sources	28,909	-	-	-	28,909
<b>Total revenues</b>	<b>\$ 28,909</b>	<b>\$ 6,016</b>	<b>\$ 8</b>	<b>\$ 23,473</b>	<b>\$ 58,406</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
General supplies	28,909	-	-	-	28,909
<b>Total</b>	<b>28,909</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,909</b>
<b>Support services</b>					
Tuition	-	-	-	-	-
Employee benefits	-	-	-	-	-
Purchased professional & technical services	-	-	-	-	-
Other purchased services	-	-	-	-	-
General supplies	-	-	-	-	-
Student activities	-	-	-	19,726	19,726
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,726</b>	<b>19,726</b>
<b>Capital outlay</b>					
Instructional equipment	-	6,016	-	-	6,016
<b>Total expenditures</b>	<b>\$ 28,909</b>	<b>\$ 6,016</b>	<b>\$ -</b>	<b>\$ 19,726</b>	<b>\$ 54,651</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 8	\$ 3,747	\$ 3,755
Fund balances, July 1	-	-	30,003	26,876	56,879
Fund balances, June 30	\$ -	\$ -	\$ 30,011	\$ 30,623	\$ 60,634

See independent auditors' report.

## **CAPITAL PROJECTS FUND**

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

(NOT APPLICABLE TO THIS REPORT)

## **PROPRIETARY FUND**

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

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



## **FIDUCIARY FUNDS**

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

(NOT APPLICABLE TO THIS REPORT)

## **LONG-TERM DEBT SCHEDULES**

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

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2022**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/21	Issued	Retired	Balance 06/30/22
			Date	Amount					
2012 Refunding issue of 2005 series	03/17/13	\$ 5,380,000	02/15/23	\$ 575,000	4.00%	\$ 2,350,000	\$ -	\$ 555,000	\$ 1,795,000
			02/15/24	600,000	4.00%	-	-	-	-
			02/15/25	620,000	4.00%	-	-	-	-
						<u>\$ 2,350,000</u>	<u>\$ -</u>	<u>\$ 555,000</u>	<u>\$ 1,795,000</u>

See independent auditor's report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Obligations Under Leases**  
**For the Fiscal Year Ended June 30, 2022**

Description	Interest Rate	Amount of Original Issue	Balance 07/01/21	Issued	Retired	Balance 06/30/22
Security improvements, roofing replacement, exterior concrete stair replacement, and basement water infiltrations	3.175%	\$ 1,200,000	\$ 737,178	-	\$ 238,823	\$ 498,355
			<u>\$ 737,178</u>	<u>-</u>	<u>\$ 238,823</u>	<u>\$ 498,355</u>

See independent auditor's report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2022**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 649,000	\$ -	\$ 649,000	\$ 649,000	\$ -
Total revenues	<u>649,000</u>	<u>-</u>	<u>649,000</u>	<u>649,000</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	555,000	-	555,000	555,000	-
Interest on bonds	94,000	-	94,000	94,000	-
Total expenditures	<u>649,000</u>	<u>-</u>	<u>649,000</u>	<u>649,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

## **STATISTICAL SECTION**

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

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

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Government activities</b>										
Net investment in capital assets	\$ 6,561,217	\$ 6,667,919	\$ 6,709,605	\$ 6,963,838	\$ 7,155,687	\$ 7,343,926	\$ 7,361,529	\$ 7,535,789	\$ 8,194,027	\$ 9,084,698
Restricted	105,550	161,623	254,246	414,577	574,340	1,052,110	1,458,689	2,468,971	2,761,128	2,281,939
Unrestricted	242,654	(1,334,360)	(959,799)	(874,319)	(931,629)	(646,379)	(585,618)	(704,967)	(560,935)	(382,258)
Total governmental activities	<u>\$ 6,909,421</u>	<u>\$ 5,495,182</u>	<u>\$ 6,004,052</u>	<u>\$ 6,504,096</u>	<u>\$ 6,798,398</u>	<u>\$ 7,749,657</u>	<u>\$ 8,234,600</u>	<u>\$ 9,299,793</u>	<u>\$ 10,394,220</u>	<u>\$ 10,984,379</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 10,541	\$ 9,407	\$ 8,273	\$ 7,139	\$ 13,188	\$ 11,402	\$ 11,026	\$ 9,591	\$ 8,156	\$ 6,720
Unrestricted	43,579	70,836	80,880	67,869	29,489	35,482	3,741	2,007	13,037	29,636
Total business-type activities	<u>\$ 54,120</u>	<u>\$ 80,243</u>	<u>\$ 89,153</u>	<u>\$ 75,008</u>	<u>\$ 42,677</u>	<u>\$ 46,884</u>	<u>\$ 14,767</u>	<u>\$ 11,598</u>	<u>\$ 21,193</u>	<u>\$ 36,356</u>
<b>District-wide</b>										
Net investment in capital assets	\$ 6,571,758	\$ 6,677,326	\$ 6,717,878	\$ 6,970,977	\$ 7,168,875	\$ 7,355,328	\$ 7,372,555	\$ 7,545,380	\$ 8,202,183	\$ 9,091,418
Restricted	105,550	161,623	254,246	414,577	574,340	1,052,110	1,458,689	2,468,971	2,761,128	2,281,939
Unrestricted	286,233	(1,263,524)	(878,919)	(806,450)	(902,140)	(610,897)	(581,877)	(702,960)	(547,898)	(352,622)
Total district-wide	<u>\$ 6,963,541</u>	<u>\$ 5,575,425</u>	<u>\$ 6,093,205</u>	<u>\$ 6,579,104</u>	<u>\$ 6,841,075</u>	<u>\$ 7,796,541</u>	<u>\$ 8,249,367</u>	<u>\$ 9,311,391</u>	<u>\$ 10,415,413</u>	<u>\$ 11,020,735</u>

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

\* as restated

See independent auditors' report.



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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,849,071	\$ 2,861,410	\$ 3,089,186	\$ 3,989,038	\$ 4,153,428	\$ 4,464,813	\$ 4,530,474	\$ 3,759,052	\$ 4,241,238	\$ 3,952,666
Special education	842,105	881,283	898,844	657,463	837,329	437,254	688,953	711,896	866,785	1,090,679
Other special education	76,299	61,467	75,775	123,932	98,611	193,872	3,878	-	24,117	195,902
Other instruction	2,487	12,874	25,385	37,681	46,678	47,347	78,127	326,706	33,079	44,405
Support services										
Tuition	306,290	326,465	297,520	331,905	210,704	323,119	324,918	197,510	227,219	315,037
Student & instruction related services	685,155	717,766	757,493	798,516	995,930	1,123,937	1,234,490	1,459,329	1,438,343	1,527,147
General & business administrative services	643,084	595,459	627,610	643,343	712,448	661,909	634,784	632,463	615,780	555,761
School administration	76,598	82,020	109,434	91,214	138,232	86,456	89,842	73,689	237,725	214,006
Plant operations & maintenance	570,862	474,002	472,717	478,728	663,211	628,220	770,890	815,295	846,365	963,697
Pupil transportation	312,120	312,307	300,046	110,350	458,737	310,738	359,248	303,148	381,349	451,158
Interest on long-term debt	248,144	275,787	225,236	248,948	192,159	177,688	185,275	155,304	126,999	107,773
Total governmental activities expenses	<u>6,612,215</u>	<u>6,600,840</u>	<u>6,879,246</u>	<u>7,511,118</u>	<u>8,507,467</u>	<u>8,455,353</u>	<u>8,900,879</u>	<u>8,434,392</u>	<u>9,038,999</u>	<u>9,418,232</u>
Business-type activities										
Food services	67,922	66,830	62,861	67,225	71,754	73,548	71,519	57,500	42,656	84,627
Pre K & K wrap program	21,941	20,275	48,709	65,014	61,000	15,750	-	-	-	-
Total business-type activities	<u>89,863</u>	<u>87,105</u>	<u>111,570</u>	<u>132,239</u>	<u>132,754</u>	<u>89,298</u>	<u>71,519</u>	<u>57,500</u>	<u>42,656</u>	<u>84,627</u>
Total district expenses	<u>\$ 6,702,078</u>	<u>\$ 6,687,945</u>	<u>\$ 6,990,816</u>	<u>\$ 7,643,357</u>	<u>\$ 8,640,221</u>	<u>\$ 8,544,651</u>	<u>\$ 8,972,398</u>	<u>\$ 8,491,892</u>	<u>\$ 9,081,655</u>	<u>\$ 9,502,859</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenues										
Governmental activities										
Charges for services										
Instruction	\$ -	\$ 1,147	\$ 11,511	\$ 16,672	\$ 11,314	\$ -	\$ 90,567	\$ 56,130	\$ 94,667	\$ 157,615
General & business administration services	-	-	-	-	13,750	31,400	-	-	-	-
Plant operations & maintenance	-	7,702	250	472	3,800	3,245	2,790	3,688	-	-
Pupil transportation	-	195	-	-	-	-	7,500	14,998	-	-
Operating grants & contributions	156,464	147,083	142,654	126,913	147,159	165,753	214,490	174,983	171,940	197,989
Total governmental activities	<u>156,464</u>	<u>156,127</u>	<u>154,415</u>	<u>144,057</u>	<u>176,023</u>	<u>200,398</u>	<u>315,347</u>	<u>249,799</u>	<u>266,607</u>	<u>355,604</u>
Business-type activities										
Charges for services										
Food service	56,307	54,649	49,919	55,939	50,332	57,260	53,395	39,452	449	9,665
Pre K & K wrap program	22,465	43,975	56,813	46,834	36,293	41,594	-	-	-	-
Operating grants & contributions	12,709	14,581	13,714	15,260	13,723	14,383	16,480	14,559	46,800	90,122
Total business - type activities	<u>91,481</u>	<u>113,205</u>	<u>120,446</u>	<u>118,033</u>	<u>100,348</u>	<u>113,237</u>	<u>69,875</u>	<u>54,011</u>	<u>47,249</u>	<u>99,787</u>
Total district-wide program revenues	<u>\$ 247,945</u>	<u>\$ 269,332</u>	<u>\$ 274,861</u>	<u>\$ 262,090</u>	<u>\$ 276,371</u>	<u>\$ 313,635</u>	<u>\$ 385,222</u>	<u>\$ 303,810</u>	<u>\$ 313,856</u>	<u>\$ 455,391</u>
Net (expense) revenues										
Governmental activities	\$ (6,455,751)	\$ (6,444,713)	\$ (6,724,831)	\$ (7,367,061)	\$ (8,331,444)	\$ (8,254,955)	\$ (8,585,532)	\$ (8,184,593)	\$ (8,772,392)	\$ (9,062,628)
Business-type activities	1,618	26,100	8,876	(14,206)	(32,406)	23,939	(1,644)	(3,489)	4,593	15,160
Total district-wide net expenses	<u>\$ (6,454,133)</u>	<u>\$ (6,418,613)</u>	<u>\$ (6,715,955)</u>	<u>\$ (7,381,267)</u>	<u>\$ (8,363,850)</u>	<u>\$ (8,231,016)</u>	<u>\$ (8,587,176)</u>	<u>\$ (8,188,082)</u>	<u>\$ (8,767,799)</u>	<u>\$ (9,047,468)</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 5,027,551	\$ 5,128,102	\$ 5,230,664	\$ 5,335,277	\$ 5,439,982	\$ 5,548,782	\$ 5,659,758	\$ 5,859,583	\$ 5,976,775	\$ 6,096,311
Taxes levied for debt service	658,747	640,774	639,875	643,550	634,698	645,500	645,800	645,650	645,050	649,000
Unrestricted grants & contributions	753,265	737,015	1,349,588	1,805,503	2,502,994	2,941,300	2,676,545	2,380,757	3,196,463	2,848,542
State capital grant not restricted	-	-	-	-	-	-	-	-	-	-
Tuition income	-	-	-	-	-	-	-	-	-	-
Investment earnings	5,416	4,607	4,886	5,317	6,651	14,936	27,024	38,301	1,438	893
Miscellaneous income	5,666	64,755	8,688	77,458	41,424	35,696	29,771	64,309	52,093	58,041
Special item-insurance claim proceeds for storm damage	18,228	-	-	-	-	-	-	-	-	-
Operating transfer	(28,000)	(96,306)	-	-	-	20,000	31,577	-	(5,000)	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	(19,818)	-	-
Prior year adjustment	-	-	-	-	(3)	-	-	-	-	-
Total governmental activities	<u>6,440,873</u>	<u>6,478,947</u>	<u>7,233,701</u>	<u>7,867,105</u>	<u>8,625,746</u>	<u>9,206,214</u>	<u>9,070,475</u>	<u>8,968,782</u>	<u>9,866,819</u>	<u>9,652,787</u>
Business-type activities										
Investment earnings	29	23	34	61	75	58	74	69	2	3
Miscellaneous income	-	-	-	-	-	210	200	251	-	-
Gain on disposal of assets	-	-	-	-	-	-	830	-	-	-
Operating transfer	-	-	-	-	-	(20,000)	(31,577)	-	5,000	-
Total business-type activities	<u>29</u>	<u>23</u>	<u>34</u>	<u>61</u>	<u>75</u>	<u>(19,732)</u>	<u>(30,473)</u>	<u>320</u>	<u>5,002</u>	<u>3</u>
Total district-wide	<u>\$ 6,440,902</u>	<u>\$ 6,478,970</u>	<u>\$ 7,233,735</u>	<u>\$ 7,867,166</u>	<u>\$ 8,625,821</u>	<u>\$ 9,186,482</u>	<u>\$ 9,040,002</u>	<u>\$ 8,969,102</u>	<u>\$ 9,871,821</u>	<u>\$ 9,652,790</u>
Change in net position										
Governmental activities	\$ (14,878)	\$ 34,234	\$ 508,870	\$ 500,044	\$ 294,302	\$ 951,259	\$ 484,943	\$ 784,189	\$ 1,094,427	\$ 590,159
Business-type activities	1,647	26,123	8,910	(14,145)	(32,331)	4,207	(32,117)	(3,169)	9,595	15,163
Total district	<u>\$ (13,231)</u>	<u>\$ 60,357</u>	<u>\$ 517,780</u>	<u>\$ 485,899</u>	<u>\$ 261,971</u>	<u>\$ 955,466</u>	<u>\$ 452,826</u>	<u>\$ 781,020</u>	<u>\$ 1,104,022</u>	<u>\$ 605,322</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Restricted	\$ 221,570	\$ 223,702	\$ 289,261	\$ 500,143	\$ 704,023	\$ 1,121,260	\$ 1,465,344	\$ 2,471,525	\$ 2,704,249	\$ 2,221,305
Committed	145,081	106,423	329,387	393,057	99,877	234,210	115,086	172,760	101,129	40,798
Assigned	728	-	7,417	-	-	-	181,754	1,547	17,104	104,739
Unassigned	299,663	235,073	235,310	294,474	345,955	341,220	292,703	235,584	391,111	480,189
Total general fund	<u>\$ 667,042</u>	<u>\$ 565,198</u>	<u>\$ 861,375</u>	<u>\$ 1,187,674</u>	<u>\$ 1,149,855</u>	<u>\$ 1,696,690</u>	<u>\$ 2,054,887</u>	<u>\$ 2,881,416</u>	<u>\$ 3,213,593</u>	<u>\$ 2,847,031</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,492	\$ 56,879	\$ 60,634
Capital projects fund	-	3	6	-	-	-	-	-	-	-
Assigned, reported in										
Capital projects fund	866	-	-	-	-	-	-	-	-	-
Debt service fund	3,332	10,052	10,052	10,058	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,198</u>	<u>\$ 10,055</u>	<u>\$ 10,058</u>	<u>\$ 10,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,492</u>	<u>\$ 56,879</u>	<u>\$ 60,634</u>
								*		

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

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax levy	\$ 5,686,298	\$ 5,768,876	\$ 5,870,539	\$ 5,978,827	\$ 6,074,680	\$ 6,194,282	\$ 6,305,558	\$ 6,505,233	\$ 6,621,825	\$ 6,745,311
Tuition charges	-	-	11,511	16,672	11,314	-	90,567	56,130	87,155	133,292
Transportation fees	-	-	-	-	-	-	7,500	14,998	-	-
Rents and royalties	-	-	-	-	3,800	3,245	2,790	3,688	-	850
Interest earnings	5,416	4,607	4,886	5,317	6,651	14,936	27,024	38,301	1,438	893
Miscellaneous	5,724	27,963	8,938	40,412	55,540	67,096	31,759	65,229	94,307	81,522
State sources	768,898	764,613	830,410	1,048,292	1,179,856	1,325,422	1,462,048	1,396,118	1,673,871	2,019,005
Federal sources	140,773	118,759	112,945	109,312	118,672	131,813	170,676	128,015	137,238	197,981
<b>Total revenues</b>	<b>6,607,109</b>	<b>6,684,818</b>	<b>6,839,229</b>	<b>7,198,832</b>	<b>7,450,513</b>	<b>7,736,794</b>	<b>8,097,922</b>	<b>8,207,712</b>	<b>8,615,834</b>	<b>9,178,854</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	1,785,923	2,019,154	1,900,067	2,471,583	2,159,749	2,025,138	2,139,465	1,898,142	1,842,656	1,908,783
Special education instruction	579,101	654,723	549,939	448,868	507,122	223,801	352,489	375,693	379,371	576,391
Other special instruction	46,930	49,567	49,313	79,251	90,570	91,691	-	-	-	96,322
Other instruction	2,250	10,504	23,360	31,878	42,872	43,529	46,176	39,266	27,431	39,377
<b>Support services</b>										
Tuition	241,337	242,446	222,436	255,220	148,673	257,033	250,383	157,510	169,219	257,037
Student & instr. related services	468,239	511,373	483,340	503,288	592,148	705,980	698,931	953,002	952,220	1,003,037
General administration	279,314	262,144	245,585	263,879	286,011	269,412	247,007	210,952	212,025	236,936
School administration services	56,675	56,249	68,111	64,257	71,273	79,842	71,947	41,549	108,305	115,753
Central services	220,052	155,364	158,052	167,526	170,175	173,241	177,728	187,645	135,757	116,464
Plant operations & maintenance	567,218	463,225	469,402	479,944	660,124	621,757	720,182	673,582	641,259	766,061
Pupil transportation	312,120	308,916	293,789	135,893	479,708	329,895	354,202	294,260	333,071	407,449
Employee benefits	723,532	726,017	740,667	664,802	661,874	624,106	780,267	801,674	854,686	915,044
On-behalf TPAF Pension & Social Security contribution	454,245	390,098	444,433	586,349	654,951	798,870	880,728	819,408	997,636	1,232,961
Capital outlay	333,053	130,887	52,430	61,256	120,089	68,275	1,255,371	70,669	508,132	728,380
Capital projects	3,672	-	-	-	-	-	-	-	-	-
Special revenue funds	156,464	147,083	142,654	126,913	147,159	165,753	214,490	174,983	148,068	217,707
<b>Debt service</b>										
Principal	400,000	450,000	440,000	460,000	475,000	490,000	505,000	752,066	765,756	793,823
Interest & other charges	282,183	230,242	236,011	219,686	205,886	191,636	176,936	161,786	146,186	130,136
<b>Total expenditures</b>	<b>6,912,308</b>	<b>6,807,992</b>	<b>6,519,589</b>	<b>7,020,593</b>	<b>7,473,384</b>	<b>7,159,959</b>	<b>8,871,302</b>	<b>7,612,187</b>	<b>8,221,778</b>	<b>9,541,661</b>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess (deficiency) of revenues over (under) expenditures	\$ (305,199)	\$ (123,174)	\$ 319,640	\$ 178,239	\$ (22,871)	\$ 576,835	\$ (773,380)	\$ 595,525	\$ 394,056	\$ (362,807)
Other financing sources (uses)										
Leases (non-budgeted)	167,400	123,493	-	148,060	-	-	1,200,000	-	-	-
Proceeds from bond issue	5,380,000	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow :	(5,788,917)	-	-	-	-	-	-	-	-	-
Premium on bond issue	487,737	-	-	-	-	-	-	-	-	-
Special item-insurance claim proceeds for storm damage	18,228	-	-	-	-	-	-	-	-	-
Transfers in (out)	(28,000)	(96,306)	(23,460)	-	(25,006)	(30,000)	(68,423)	(50,000)	(5,000)	-
Total other financing sources (uses)	236,448	27,187	(23,460)	148,060	(25,006)	(30,000)	1,131,577	(50,000)	(5,000)	-
Net change in fund balances	<u>\$ (68,751)</u>	<u>\$ (95,987)</u>	<u>\$ 296,180</u>	<u>\$ 326,299</u>	<u>\$ (47,877)</u>	<u>\$ 546,835</u>	<u>\$ 358,197</u>	<u>\$ 545,525</u>	<u>\$ 389,056</u>	<u>\$ (362,807)</u>
Debt service as a percentage of non-capital expenditures	11.58%	11.34%	11.67%	10.82%	10.20%	10.63%	9.83%	13.79%	13.41%	11.71%

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Interest income	\$ 5,416	\$ 4,604	\$ 4,883	\$ 5,317	\$ 6,651	\$ 14,936	\$ 27,024	\$ 38,301	\$ 1,435	\$ 893
Tuition	-	-	11,511	16,672	11,314	-	90,567	56,130	87,155	133,292
Transportation fees	-	-	-	-	-	-	7,500	14,998	-	-
Building use fees/land rent	-	-	250	472	3,800	3,245	2,790	3,688	-	850
Prior year refunds	-	-	-	9,007	20,389	557	839	12,046	31,584	4,486
Student fees - pay to play	-	-	-	-	-	11,500	10,100	10,300	-	11,300
Outstanding checks voided	-	-	-	-	400	20	-	-	35	-
Book fines	-	-	-	-	106	4	15	-	-	-
Accounts payable canceled	5,313	-	4,210	-	-	2,695	-	-	-	18,501
Donations	-	-	-	-	-	-	-	-	-	-
Miscellaneous other	353	18,051	-	-	9,472	16,296	640	622	-	368
Miscellaneous refunds	-	-	-	-	-	-	-	-	-	-
Copy fees	-	-	-	-	-	-	-	-	-	-
Sale of scrap metal	-	-	-	-	-	-	-	-	-	-
Fund 20 adjustment	-	-	-	-	-	-	-	-	-	-
Return of excess funds	-	-	2,635	-	8,068	74	-	-	-	5,766
Sale of assets	-	-	1,843	30,933	578	-	4,836	300	-	4,270
Shared services	-	-	-	-	13,750	31,400	-	41,041	-	-
E-rate	-	-	-	-	1,997	2,996	12,095	-	20,474	13,350
Chromebook repairs	-	-	-	-	414	1,554	1,246	-	-	-
<b>Annual totals</b>	<b>\$ 11,082</b>	<b>\$ 22,655</b>	<b>\$ 25,332</b>	<b>\$ 62,401</b>	<b>\$ 76,939</b>	<b>\$ 85,277</b>	<b>\$ 157,652</b>	<b>\$ 177,426</b>	<b>\$ 140,683</b>	<b>\$ 193,076</b>

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 4,176,400	\$ 3,902,400	\$ 3,667,800	\$ 3,383,900	\$ 2,752,600	\$ 2,684,100	\$ 3,889,500	\$ 4,068,000	\$ 3,975,600	\$ 4,054,600
Residential	383,146,300	385,013,700	386,011,200	387,268,600	386,549,700	385,884,700	387,381,900	388,128,300	386,896,800	391,411,600
Farm regular	107,188,300	104,069,500	104,457,900	105,564,300	108,880,800	108,837,900	108,271,500	108,355,500	107,930,300	106,388,400
Q farm	4,096,225	4,400,974	4,134,477	4,139,397	4,111,735	4,556,876	4,517,300	4,433,600	4,318,200	4,283,500
Commercial	37,179,300	37,219,300	36,719,300	36,411,900	36,421,500	36,367,400	36,367,400	36,064,100	36,473,100	36,473,100
Industrial	2,328,900	2,328,900	2,328,900	2,328,900	2,028,900	2,028,900	2,028,900	2,028,900	2,028,900	2,028,900
Apartment	1,000,800	1,029,000	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400	1,037,400
<b>Total assessed value</b>	<b>539,116,225</b>	<b>537,963,774</b>	<b>538,356,977</b>	<b>540,134,397</b>	<b>541,782,635</b>	<b>541,397,276</b>	<b>543,493,900</b>	<b>544,115,800</b>	<b>542,660,300</b>	<b>545,677,500</b>
Public utilities (a)	2,523,005	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600	1,403,600
<b>Net valuation taxable</b>	<b>\$ 541,639,230</b>	<b>\$ 539,367,374</b>	<b>\$ 539,760,577</b>	<b>\$ 541,537,997</b>	<b>\$ 543,186,235</b>	<b>\$ 542,800,876</b>	<b>\$ 544,897,500</b>	<b>\$ 545,519,400</b>	<b>\$ 544,063,900</b>	<b>\$ 547,081,100</b>
Estimated actual county equalized value	\$ 555,641,393	\$ 579,840,222	\$ 553,451,361	\$ 555,651,547	\$ 552,917,585	\$ 573,906,615	\$ 569,321,387	\$ 564,953,811	\$ 542,926,701	\$ 557,676,962
Percentage of net valuation to estimated actual equalized value	97.48%	93.02%	97.53%	97.46%	98.24%	94.58%	95.71%	96.56%	100.21%	98.10%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.056</b>	<b>\$ 1.077</b>	<b>\$ 1.096</b>	<b>\$ 1.111</b>	<b>\$ 1.172</b>	<b>\$ 1.153</b>	<b>\$ 1.177</b>	<b>\$ 1.203</b>	<b>\$ 1.240</b>	<b>\$ 1.255</b>

Source: Municipal Tax Assessor

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

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

See independent auditors' report.



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

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	Fire District	
2013	\$ 0.934	\$ 0.122	\$ 1.056	\$ 0.660	\$ 0.319	\$ 0.372	\$ 0.056	\$ 2.463
2014	0.957	0.120	1.077	0.668	0.325	0.400	0.060	2.530
2015	0.977	0.119	1.096	0.612	0.330	0.381	0.060	2.479
2016	0.991	0.120	1.111	0.597	0.335	0.381	0.062	2.486
2017	1.050	0.122	1.172	0.602	0.344	0.378	0.063	2.559
2018	1.033	0.120	1.153	0.643	0.352	0.398	0.063	2.609
2019	1.056	0.121	1.177	0.667	0.360	0.395	0.063	2.662
2020	1.084	0.119	1.203	0.668	0.404	0.391	0.070	2.736
2021	1.119	0.121	1.240	0.617	0.412	0.377	0.073	2.719
2022	1.134	0.121	1.255	0.686	0.420	0.385	0.078	2.824

Sources: Municipal Tax Collector

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

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

See independent auditors' report.

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

	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
National Project Resources LP	\$ 20,000,000	1	3.66%	\$ 20,000,000	1	3.69%
Franklin Hotel Associates LLC	6,500,000	2	1.19%	-		-
AT&T Communications	2,631,200	3	0.48%	2,531,200	3	0.47%
Individual Property Owner	2,361,200	4	0.43%	2,469,800	4	0.46%
Individual Property Owner	1,854,800	5	0.48%	2,218,890	5	0.41%
Individual Property Owner	1,845,500	6	0.43%	1,874,927	6	0.35%
Individual Property Owner	1,630,600	7	0.34%	1,652,534	7	0.31%
Individual Property Owner	1,358,500	8	0.34%	1,532,000	8	0.28%
Individual Property Owner	1,346,300	9	0.30%	1,427,100	9	0.26%
Individual Property Owner	1,250,000	10	0.23%	1,374,635	10	0.25%
Inn Clinton LLC	-		-	7,000,000	2	1.29%
	<u>\$ 40,778,100</u>		<u>7.87%</u>	<u>\$ 42,081,086</u>		<u>7.77%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2013	\$ 5,686,298	\$ 5,686,298	100.00%
2014	5,768,876	5,768,876	100.00%
2015	5,870,539	5,870,539	100.00%
2016	5,978,827	5,978,827	100.00%
2017	6,074,680	6,074,680	100.00%
2018	6,194,282	6,194,282	100.00%
2019	6,305,558	6,305,558	100.00%
2020	6,505,233	6,505,233	100.00%
2021	6,621,825	6,621,825	100.00%
2022	6,745,311	6,745,311	100.00%

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

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

See independent auditors' report.

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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases					
2013	\$ 6,225,000	\$ -	\$ 110,837	\$ -	\$ -	\$ 6,335,837	2.57%	\$ 1,941
2014	5,775,000	-	153,724	-	-	5,928,724	2.42%	1,819
2015	5,335,000	-	74,424	-	-	5,409,424	2.12%	1,676
2016	4,875,000	-	150,319	-	-	5,025,319	1.92%	1,552
2017	4,400,000	-	76,143	-	-	4,476,143	1.65%	1,384
2018	3,910,000	-	-	-	-	3,910,000	1.42%	1,206
2019	3,405,000	-	1,200,000	-	-	4,605,000	1.48%	1,301
2020	2,885,000	-	967,933	-	-	3,852,933	1.19%	1,091
2021	2,350,000	-	737,178	-	-	3,087,178	0.93%	882
2022	1,795,000	-	498,355	-	-	2,293,355	N/A	699

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

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

See independent auditors' report.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2013	\$ 6,225,000	\$ -	\$ 6,225,000	1.15%	1,907
2014	5,775,000	-	5,775,000	1.07%	1,772
2015	5,335,000	-	5,335,000	0.99%	1,653
2016	4,875,000	-	4,875,000	0.88%	1,506
2017	4,400,000	-	4,400,000	0.81%	1,360
2018	3,910,000	-	3,910,000	0.72%	1,206
2019	3,405,000	-	3,405,000	0.62%	962
2020	2,885,000	-	2,885,000	0.53%	817
2021	2,350,000	-	2,350,000	0.43%	672
2022	1,795,000	-	1,795,000	0.33%	547

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

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

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2021**

Governmental Unit	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Debt
Debt repaid with property taxes			
Municipality	\$ 1,374,161	100.00%	\$ 1,374,161
Regional High School	7,545,000	6.58%	496,523
County general obligation debt	96,226,693	2.49%	<u>2,395,012</u>
Subtotal, overlapping debt			4,265,696
School District direct debt			<u>2,350,000</u>
Total direct and overlapping debt			<u><u>\$ 6,615,696</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. Debt outstanding data provided by each Governmental Unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the municipality. This process recognizes that when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping payment.

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2022

		Equalized Valuation Basis
	2021	\$ 553,170,540
	2020	542,975,551
	2019	562,856,152
		\$ 1,659,002,243
Average equalized valuation of taxable property		\$ 553,000,748
Debt limit (3.0% of average equalization value)	(a)	\$ 16,590,022
Total net debt applicable to limit		1,795,000
Legal debt margin		\$ 14,795,022

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 16,750,287	\$ 16,883,054	\$ 17,013,504	\$ 16,714,960	\$ 16,590,022
Total net debt applicable	3,910,000	3,405,000	2,885,000	2,350,000	1,795,000
Legal debt margin	\$ 12,840,287	\$ 13,478,054	\$ 14,128,504	\$ 14,364,960	\$ 14,795,022
Total net debt applicable to the limit as a percentage of debt limit	23.34%	20.17%	16.96%	14.06%	10.82%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 17,252,866	\$ 17,243,116	\$ 16,847,721	\$ 16,836,026	\$ 16,538,433
Total net debt applicable	6,225,000	5,775,000	5,335,000	4,875,000	4,400,000
Legal debt margin	\$ 11,027,866	\$ 11,468,116	\$ 11,512,721	\$ 11,961,026	\$ 12,138,433
Total net debt applicable to the limit as a percentage of debt limit	36.08%	33.49%	31.67%	28.96%	26.60%

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

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

See independent auditors' report.

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

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2013	3,265	\$ 246,112,435	\$ 75,379	6.7%
2014	3,259	245,125,685	75,215	5.2%
2015	3,228	254,566,536	78,862	3.3%
2016	3,237	262,135,497	80,981	3.0%
2017	3,235	270,973,305	83,763	2.9%
2018	3,241	275,199,792	84,912	3.0%
2019	3,539	311,198,426	87,934	2.4%
2020	3,530	324,569,380	91,946	5.5%
2021	3,499	332,712,912	95,088	3.8%
2022	3,280	N/A	N/A	N/A

Sources:

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

See independent auditors' report.



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

2022

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

2013

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

See independent auditors' report.

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular	20.8	22.4	25.0	26.0	24.0	24.0	24.0	23.0	25.0	23.5
Special education	5.6	5.6	3.0	3.0	3.0	4.5	4.0	5.0	6.0	7.5
Other special education	11.7	-	-	1.4	2.0	1.0	-	0.2	0.2	0.2
Other instruction - aides	3.0	1.5	1.1	-	-	1.0	0.4	1.7	1.0	1.0
Support services										
Student and instruction related services	3.4	3.0	3.0	2.0	2.0	2.5	3.0	2.0	2.0	3.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
School administration services	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Central services	1.1	1.1	1.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Other support services	2.0	2.0	2.0	4.0	4.0	2.5	6.0	5.6	5.8	5.8
Food service	0.3	-	-	-	-	-	-	-	-	-
Child care	0.5	0.5	0.5	-	-	-	-	-	-	-
<b>Total</b>	<b>51.4</b>	<b>39.1</b>	<b>38.7</b>	<b>41.4</b>	<b>40.0</b>	<b>41.5</b>	<b>43.4</b>	<b>42.5</b>	<b>45.0</b>	<b>46.0</b>

Source: District Personnel Records

See independent auditors' report.

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

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	293	\$ 5,893,400	\$ 20,114	12.84%	26.4	1 to 11.10	283.8	272.7	-4.41%	96.09%
2014	295	5,996,863	20,328	1.06%	28.0	1 to 10.54	294.9	284.0	3.91%	96.30%
2015	306	5,791,148	18,925	-6.90%	28.6	1 to 10.70	294.7	284.2	-0.07%	96.44%
2016	296	6,279,651	21,215	12.10%	26.0	1 to 11.38	292.7	281.9	-0.68%	96.32%
2017	296	6,672,409	22,542	6.26%	27.0	1 to 10.96	283.9	273.4	-3.01%	96.30%
2018	298	6,410,048	21,510	-4.58%	28.5	1 to 10.46	284.8	274.3	0.30%	96.31%
2019	283	6,933,995	24,502	13.91%	28.0	1 to 10.11	278.2	268.1	-2.30%	96.37%
2020	278	6,627,666	23,841	-2.70%	28.0	1 to 9.93	282.0	274.2	1.35%	97.25%
2021	262	6,801,704	25,961	8.89%	31.0	1 to 8.45	250.0	244.5	-11.34%	97.82%
2022	263	7,889,322	29,997	15.55%	31.0	1 to 8.48	258.8	244.9	3.52%	94.65%

Source: District Records

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

See independent auditors' report.

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

<u>District Building</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Elementary (1925)</u>										
Square feet	71,296	71,296	71,296	71,296	71,296	71,296	71,296	71,296	71,296	71,296
Capacity (students)	446	448	448	448	448	448	448	448	448	448
Enrollment	305	293	295	306	294	285	282	282	252	247

<u>Number of schools at June 30, 2022</u>	
Elementary	1

Source: District Facilities Office

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

See independent auditors' report.

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

Undistributed expenditures - Required maintenance for school facilities

<u>Fiscal Year Ended</u>	<u>Amount</u>
2013	\$ 53,294
2014	89,143
2015	88,228
2016	63,276
2017	209,497
2018	206,382
2019	254,199
2020	253,773
2021	186,700
2022	235,643
Total school facilities	<u>\$ 1,640,135</u>

\* School Facilities As Defined Under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2022**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - School Alliance Insurance Fund		
Property Section		
Blanket Building and Contents (Fund Aggregate)	\$ 500,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Cyber Liability	In Blanket Limit	2,500
Liability Section		
Comprehensive General Liability	5,000,000	-
Automobile Liability	5,000,000	-
Employee Benefit Liability	5,000,000	1,000
Excess Liability		
Includes General/Auto Liability/School Board Legal Liability	5,000,000	-
Crime		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction:		
Inside & Outside	100,000	2,000
Computer Fraud	50,000	1,000
Funds Transfer Fraud	50,000	1,000
School Board Legal Liability	5,000,000	5,000
Environmental Pollution Impairment Liability (ACE)		
Incident	1,000,000	10,000
Pool Aggregate	25,000,000	-
Workers' Compensation (SAW)		
(A) Statutory Benefits	Included	-
(A) Employer's Liability	5,000,000	-
Supplemental coverage (optional)	Included	-
Public Employees' Faithful Performance Blanket Position Bond -		
RLI Insurance Co.		
Business Administrator - L Tirone	200,000	-
Selective Insurance Co.		
Treasurer - R Krov	200,000	-
Adult Volunteer Accident - Markel Insurance Co.		
Excess of Primary Medical	1,000,000	-

Source: District records

See independent auditors' report.

**SINGLE AUDIT SECTION**

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART I**





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

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**Independent Auditors' Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Franklin Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 15, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



**BKC, CPAs, PC**



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

February 15, 2023  
Flemington, New Jersey



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

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**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the  
New Jersey OMB Circular 15-08**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Franklin Township School District's (the District) compliance with the types of compliance requirements as subject to audit in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2022. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



**BKC, CPAs, PC**



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

February 15, 2023  
Flemington, New Jersey

**SUPPLEMENTARY INFORMATION**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/21	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment	Balance June 30, 2022		
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education														
Special Revenue Fund														
Special education cluster (IDEA)														
IDEA Basic	84.027A	H027A210100	IDEA-1600-22	\$ 64,109	07/01/21	06/30/22	\$ -	\$ -	\$ 6,037	\$ 64,109	\$ -	\$ (58,072)	\$ -	\$ -
IDEA Basic	84.027A	H027A200100	IDEA-1600-21	84,913	07/01/20	06/30/21	71	-	-	-	-	-	-	71
IDEA Basic	84.027A	H027A190100	IDEA-1600-20	77,215	07/01/19	06/30/20	567	-	-	-	-	-	-	567
IDEA Basic	84.027A	H027A180100	IDEA-1600-19	111,110	07/01/18	06/30/19	85	-	-	-	-	-	-	85
IDEA Preschool	84.173A	H173S220114	IDEA-1600-22	4,335	07/01/21	06/30/22	-	-	4,335	4,335	-	-	-	-
IDEA Preschool	84.173A	H173S170114	IDEA-1600-18	4,425	07/01/17	06/30/18	6	-	-	-	-	-	-	6
Total special education cluster (IDEA)							729	-	10,372	68,444	-	(58,072)	-	729
Title I A	84.010A	S010A210030	ESSA-1600-22	12,260	07/01/21	06/30/22	-	-	-	12,260	-	(12,260)	-	-
Title II A	84.367A	S367A210029	ESSA-1600-22	5,291	07/01/21	06/30/22	-	-	450	5,291	-	(4,841)	-	-
Title IV	84.424	S424A210031	ESSA-1600-22	10,000	07/01/21	06/30/22	-	-	-	8,169	-	(8,169)	-	-
Rural Education Achievement Program	84.358A	S358B210030	S358A-190135	28,909	07/01/21	06/30/22	-	-	-	28,909	-	(28,909)	-	-
COVID-19														
CARES Emergency Relief	84.425D	S425D200027	CARES-1600-21	7,718	07/01/20	06/30/21	-	-	2,100	-	-	-	2,100	-
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-1600-23	67,188	03/13/20	09/30/23	-	-	56,629	64,826	-	(8,197)	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-1600-23	25,000	03/13/20	09/30/23	-	-	2,550	3,527	-	(977)	-	-
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-1600-23	45,000	03/13/20	09/30/23	-	-	2,953	6,660	-	(3,707)	-	-
Total Special Revenue Fund							729	-	75,054	198,086	-	(125,132)	2,100	729
U.S. Department of Agriculture passed through State Department of Agriculture														
Enterprise Fund														
Child Nutrition Cluster														
National School Lunch Program														
Non-Cash Assistance (Commodities)	10.555	22NJ304N1099	N/A	4,344	10/01/21	09/30/22	-	-	4,344	3,027	-	-	1,317	-
Non-Cash Assistance (Commodities)	10.555	21NJ304N1099	N/A	3,903	10/01/20	09/30/21	1,367	-	-	1,367	-	-	-	-
Cash Assistance	10.555	22NJ304N1099	N/A	82,566	10/01/21	09/30/22	-	-	77,746	82,566	-	(4,820)	-	-
Cash Assistance	10.555	21NJ304N1099	N/A	29,095	10/01/20	09/30/21	(3,621)	-	3,621	-	-	-	-	-
National School Breakfast Program	10.553	21NJ304N1099	N/A	12,338	10/01/20	09/30/21	(1,911)	-	1,911	-	-	-	-	-
Total Child Nutrition Cluster							(4,165)	-	87,622	86,960	-	(4,820)	1,317	-
P-EBT Administrative	10.649	2022225900941	N/A	1,242	07/01/21	06/30/22	-	-	1,242	1,242	-	-	-	-
Total Enterprise Fund							(4,165)	-	88,864	88,202	-	(4,820)	1,317	-
Total Federal Awards							\$ (3,436)	\$ -	\$ 163,918	\$ 286,288	\$ -	\$ (129,952)	\$ 3,417	\$ 729

See independent auditors' report

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Adjustment/ Repayment	Balance June 30, 2022			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	22-495-034-5120-089	\$ 239,386	07/01/21	06/30/22	\$ -	\$ -	\$ 218,180	\$ 239,386	\$ -	\$ -	\$ -	\$ -	\$ 21,206	\$ 239,386
School Choice Aid	22-495-034-5120-068	91,812	07/01/21	06/30/22	-	-	83,678	91,812	-	-	-	-	8,134	91,812
Security Aid	22-495-034-5120-084	21,010	07/01/21	06/30/22	-	-	19,149	21,010	-	-	-	-	1,861	21,010
Transportation Aid	22-495-034-5120-014	58,632	07/01/21	06/30/22	-	-	53,438	58,632	-	-	-	-	5,194	58,632
Adjustment Aid	22-495-034-5120-085	2,057	07/01/21	06/30/22	-	-	1,875	2,057	-	-	-	-	182	2,057
Extraordinary Aid	21-495-034-5120-044	286,010	07/01/20	06/30/21	(286,010)	-	286,010	-	-	-	-	-	-	286,010
Extraordinary Aid	22-495-034-5120-044	381,770	07/01/21	06/30/22	-	-	-	381,770	-	(381,770)	-	-	-	381,770
Non-Public Transportation Aid	21-495-034-5120-014	2,320	07/01/20	06/30/21	(2,320)	-	2,320	-	-	-	-	-	-	2,320
Non-Public Transportation Aid	22-495-034-5120-014	3,480	07/01/21	06/30/22	-	-	-	3,480	-	(3,480)	-	-	-	3,480
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001	200,118	07/01/21	06/30/22	-	-	200,118	200,118	-	-	-	-	-	200,118
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004	11,916	07/01/21	06/30/22	-	-	11,916	11,916	-	-	-	-	-	11,916
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002	844,607	07/01/21	06/30/22	-	-	844,607	844,607	-	-	-	-	-	844,607
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004	412	07/01/21	06/30/22	-	-	412	412	-	-	-	-	-	412
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	175,908	07/01/21	06/30/22	-	-	175,908	175,908	-	-	-	-	-	175,908
Total General Fund					(288,330)	-	1,897,611	2,031,108	-	(385,250)	-	-	36,577	2,319,438
State Department of Education														
Special Revenue Fund														
SDA Emergent and Capital Maintenance Needs	22-100-034-5120-519	6,016	07/01/21	06/30/22	-	-	-	6,016	-	(6,016)	-	-	-	6,016
Total Special Revenue Fund					-	-	-	6,016	-	(6,016)	-	-	-	6,016

See independent auditors' report.



**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B (continued)**  
**For the Fiscal Year Ended June 30, 2022**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2022			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	21-100-010-3350-023	\$ 1,604	\$ 44,013	\$ 44,377	\$ (256)	\$ -	\$ 256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,604
State School Lunch Program	22-100-010-3350-023	1,920	07/01/21	06/30/22	-	-	1,810	1,920	-	(110)	-	-	-	1,920
Total Enterprise Fund					(256)	-	2,066	1,920	-	(110)	-	-	-	3,524
Total State Financial Assistance					\$ (288,586)	\$ -	\$ 1,899,677	2,039,044	\$ -	\$ (391,376)	\$ -	\$ -	\$ 36,577	\$ 2,328,978
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002							844,607						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004							11,916						
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001							200,118						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004							412						
Total for State Financial Assistance - Major Program Determination								\$ 981,991						

See independent auditors' report.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2022**

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Franklin Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$12,103) for the general fund and (\$6,121) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2022**

Note 3 - Relationship of financial statements (continued)

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

	Federal	State	Total
General fund	\$ -	\$ 2,019,005	\$ 2,019,005
Special revenue fund	197,981	-	197,981
Food service fund	88,202	1,920	90,122
Total awards and financial assistance	\$ 286,183	\$ 2,020,925	\$ 2,307,108

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2022. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2022.

Note 6 - Indirect Costs

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

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART II**

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

2. Were significant deficiencies identified?  Yes  No

Noncompliance material to basic financial statements noted?

Yes  No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

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

2. Were significant deficiencies identified?  Yes  None reported

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

Unmodified

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

Yes  No

Identification of Major Programs:

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

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

\_\_\_\_\_

Did the auditee qualify as a low-risk auditee?

Yes  No

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2022**

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>22-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>22-495-034-5120-084</u>	<u>Security Aid</u>
<u>22-495-034-5120-068</u>	<u>School Choice Aid</u>
<u>22-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>22-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contribution</u>

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2022**

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2022.

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

There were no findings or questioned costs for the fiscal year ended June 30, 2022.

**FRANKLIN TOWNSHIP SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2022**

Status of Prior Year Findings

There were no prior year findings or questioned costs.