

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Somerset, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

Franklin Township Public Schools

Somerset, New Jersey

For The Fiscal Year Ended June 30, 2022

Prepared by

Business Office

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INTRODUCTORY SECTION

Franklin Township Board of Education

2301 Route 27
Somerset, NJ 08873

LUIS VALENCIA
BUSINESS ADMINISTRATOR

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

March 7, 2023

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

Dear Board Members and Constituents of Franklin Township:

The Annual Comprehensive Financial Report (ACFR) of the Franklin Township School District (District) for the fiscal year ended June 30, 2022 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

REPORTING ENTITY AND ITS SERVICES

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

MAJOR BUILDING PROJECTS/RENOVATIONS 2021-2022

The status of major capital projects and/or renovations for the 2021-2022 school year is as follows:

- Hamilton Street Renovation \$600,000 *Complete*
- Board Administrative Campus \$750,000 *Complete*
- District HVAC \$500,000 *Complete*
- District Paving, Concrete \$500,000 *Complete*
- Security Upgrades \$750,000 *Complete*

MAJOR ACCOMPLISHMENTS

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

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

- Engaging in Culturally and Linguistically Responsive Pedagogy Training.
- Developing and implementing a robust Anti-Racism Policy and District Equity Plan.
- Utilizing an Accelerated Learning model to address academic needs that emerged during the pandemic.
- Creating innovative learning opportunities, such as a new Health Professions Academy, a partnership program with Rutgers University's School of Health Professions. This program allows students to earn credits towards various certificated programs at Rutgers and other colleges and universities. In addition, dance instruction is available to students at all grade levels, K-12. In Grades 4 and 5, a "voice and choice" enrichment program is offered to students via Student College courses.
- Similarly, a partnership was developed between Franklin High School and Raritan Valley Community College's Advanced Manufacturing Program. This program will allow 20 students each year from FHS to earn industry credits while learning advanced manufacturing trade skills.
- Similarly, a Bridges to Employment Program was successfully added to FHS in the past two years, in which students received career training and exposure to various STEM opportunities.
- Creating secondary level CTE programs in the area of Television Production, Dance, and Technology. This year, a new coordinator position enabled the program's supervisor to develop a robust strategic plan and to consider options in addition to Television Production and Dance. As a result, a Marketing CTE program is currently being studied and developed.
- Building on an "Honors for All" pilot so that students can earn Honors credits within their social studies classes at the middle school level.
- Offering innovative extracurricular activities, including morning clubs at all elementary schools and an "Aviation Club" to students at FHS that enables them to pursue and earn a pilot's license while attending high school. Last year, six students began their in-air flight lessons, and one student has already earned her pilot's license as a result of this work.
- Pursuing Sustainable Jersey certification for ten district schools. To help the BOE achieve this goal, the district recently added a District Coordinator of School-Based Green Teams stipend position. Currently, two of our schools have achieved Bronze Level Certification, and a third has submitted an application for review.
- Receiving an NJDOE Model Program designation for the English Language Learner and Bilingual programs in the district's schools.
- Receiving outstanding recognition for its Fine, Visual, and Performing Arts program and its work with social-emotional learning opportunities via PBSIS and various mentoring programs throughout the district.

- Offering one of the most comprehensive K-12 financial literacy curricula in the state, which has gained FTPS recognition by Junior Achievement of New Jersey. This program includes visits from high school students to all district schools in Grades K-8, for which they teach financial literacy lessons. It also allows local and national business leaders to teach literacy lessons to our students. Not coincidentally, a number of our students have won prestigious national financial literacy contests.
- Increasing and diversifying enrollment in advanced level courses while maintaining achievement in those same courses as a result of partnering with Equal Opportunity School (EOS). The district also has been recognized in recent years for being placed on the College Board's Annual AP District Honor Roll for increasing access to Advanced Placement courses for a broader number of students while simultaneously maintaining or improving the rate at which the AP students earned scores of 3 or higher. However, the district firmly believes its work with EOS will further accomplishment in this area.
- Continuous expansion of a rigorous Gifted and Talented program for our students, with plans for further equitable enrollment in G&T courses for the 2023-2024 SY. In addition, the G&T/Enrichment program added a community-sponsored Invention Competition to students in Grades 3-5 during the 2021-2022 SY, and made plans to include middle school students in the competition during the 2022-2023 SY, and high school participation in the 2023-2024 SY.
- Recent PEA and PEEA Grants allowed the district to open up PK to three-year-old typical students.

ANNUAL STANDARDIZED TESTING REPORT

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

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

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

During and since Spring 2019, Franklin Township has administered the New Jersey Student Learning Assessment (NJSLA) to grades 3-11. The district has been well-prepared for the assessment and was well-supported through the technology department. Franklin Township Public Schools issues an annual report based on academic assessments of all students who are assessed.

RELEVANT FINANCIAL POLICIES

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

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

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

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

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

LONG-TERM FINANCIAL PLANNING

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

The following 2021-2022 Budget Goals were adopted by the Board and used to guide the budget development process:

1. To support the District programs the Board will utilize its 2% spending growth limit and NJDOE-authorized budgetary spending growth adjustments.
2. Anticipate the utilization of any unspent 2021-2022 general fund budget and allocate those funds to support the District's Long-Range Facilities Plan and Safety/Security needs.

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

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

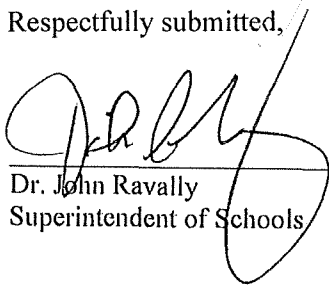
INDEPENDENT AUDIT

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


ACKNOWLEDGEMENTS

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

Respectfully submitted,

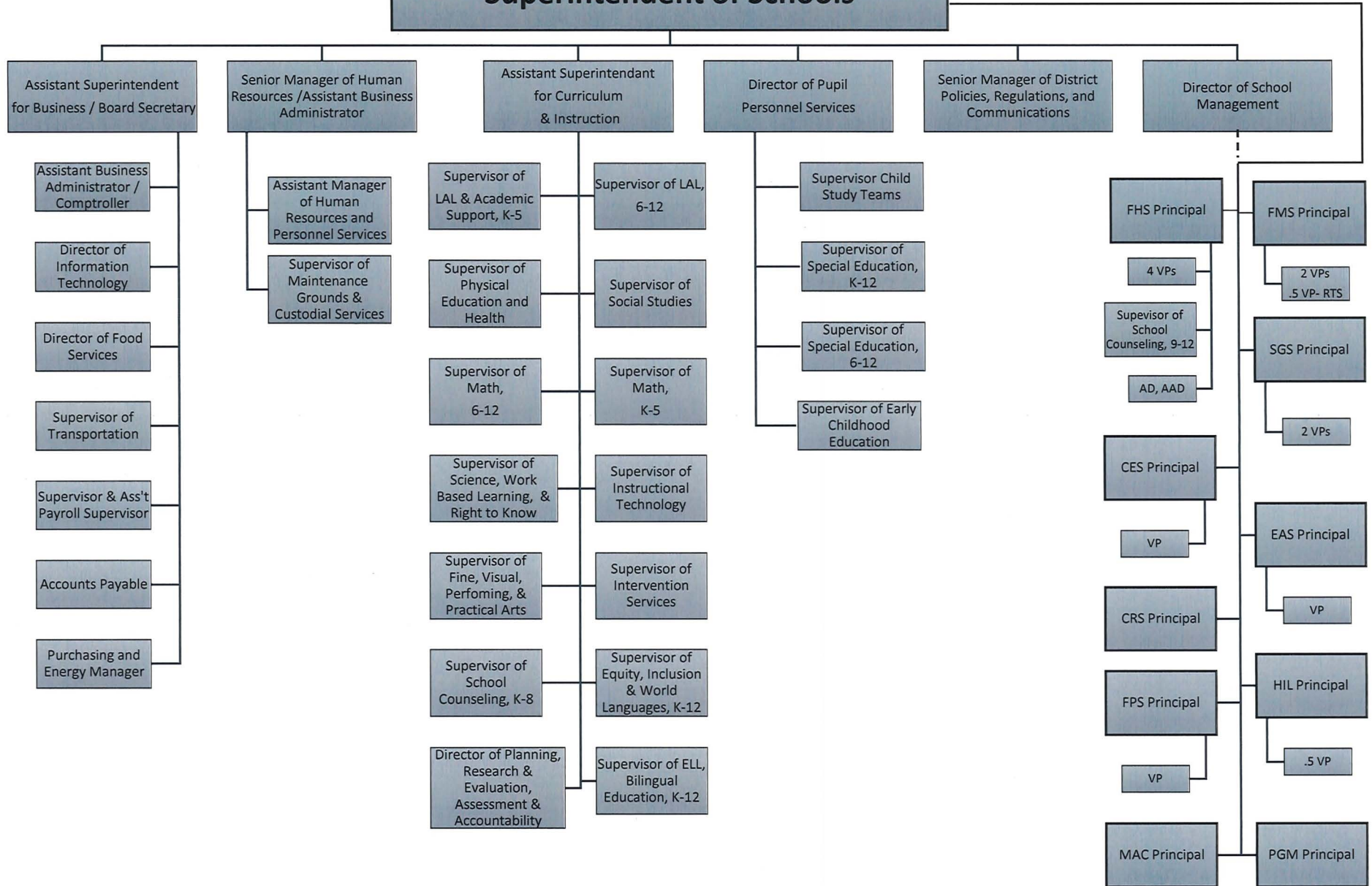


Dr. John Ravally
Superintendent of Schools



Luis Valencia
Business Administrator/Board Secretary

Superintendent of Schools



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FRANKLIN TOWNSHIP SCHOOL DISTRICT
Somerset, New Jersey

ROSTER OF OFFICIALS
June 30, 2022

Members of the Board of Education	Term Expires
Nancy Lacorte, President	2022
Ardaman Singh, Vice President	2022
Dr. Michael Smith	2023
Laurie Merris	2024
Dennis Hopkins, JR	2024
Sami Shaban	2024
Walter Jackson	2022
Nishita Desai	2023
William Grippo	2023

Other Officials

Dr. John Ravally, Superintendent of Schools

Jonathan Toth, Supt. For Business/Board Secretary

Brian Bonanno, Treasurer

FRANKLIN TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors

Architect

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

Audit Firm

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

Attorney

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

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

Official Depositories

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

TD Bank
3221 Route 27
Franklin Park, NJ 08823

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Franklin Township Public Schools
2301 Route 27
Somerset, NJ 08873

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools, as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 Franklin Township Public Schools 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 misstatements, 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 Franklin Township Public Schools' 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.

Auditor's Responsibilities for the Audit of 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 opinions. 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement 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 Franklin Township Public Schools' 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 Franklin Township Public Schools' 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 information, pension information and other postemployment benefits information 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 opinions on the financial statements that collectively comprise the Franklin Township Public Schools' basic financial statements. The accompanying combining fund financial statements, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Franklin Township Public Schools. Such information is the responsibility of management and was derived from and relate 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 combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


Other Information


Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions 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 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 March 7, 2023 on our consideration of the Franklin Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Franklin Township Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Franklin Township Public Schools' internal control over financial reporting and compliance.


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


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March 7, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

This section of the Franklin Township Public Schools' annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-2022 fiscal year include the following:

- The assets and deferred outflows of resources of the Franklin Township Public Schools exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$37,655,656 (net position).
- Overall revenues were \$227,574,542. General revenues accounted for \$162,953,901 or 72% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$64,620,641 or 28% of total revenues.
- The school district had \$214,511,906 in expenses for governmental activities; only \$56,496,557 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$162,949,007 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$23,566,107.
- The General Fund fund balance at June 30, 2022 was \$21,647,329 a decrease of \$3,335,460 when compared to the balance at July 1, 2021 of \$24,982,789.

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

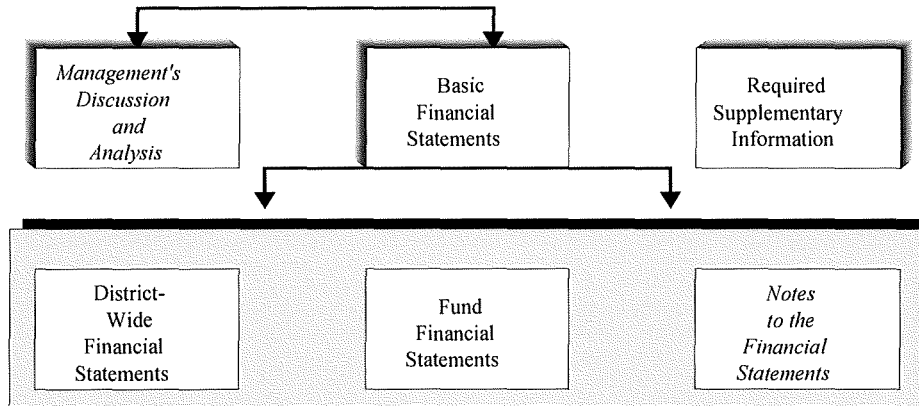
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Financial Statements

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

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

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SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

District-Wide Financial Statements (continued)

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

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

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and Cultural Arts Recreation Enrichment Fund (C.A.R.E.) Fund are included under this category. During 2021/22, the Board discontinued the operations of the C.A.R.E.Fund.

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Fund Financial Statements (continued)

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

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

Notes to the Financial Statements

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

Other Information

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37,655,656 and \$29,866,004 as of June 30, 2022 and June 30, 2021, respectively.

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

**Net Position
June 30, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets						
Current Assets	\$ 41,722,535	\$ 41,000,449	\$ 4,954,973	\$ 2,629,270	\$ 46,677,508	\$ 43,629,719
Capital Assets, Net	<u>135,201,475</u>	<u>139,133,539</u>	<u>658,225</u>	<u>710,768</u>	<u>135,859,700</u>	<u>139,844,307</u>
Total Assets	<u>176,924,010</u>	<u>180,133,988</u>	<u>5,613,198</u>	<u>3,340,038</u>	<u>182,537,208</u>	<u>183,474,026</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	2,696,645	432,897			2,696,645	432,897
Deferred Amounts on Net Pension Liability	<u>2,759,509</u>	<u>5,695,333</u>	<u>35,214</u>	<u>72,677</u>	<u>2,794,723</u>	<u>5,768,010</u>
Total Deferred Outflows of Resources	<u>5,456,154</u>	<u>6,128,230</u>	<u>35,214</u>	<u>72,677</u>	<u>5,491,368</u>	<u>6,200,907</u>
Total Assets and Deferred Outflows of Resources	<u>182,380,164</u>	<u>186,262,218</u>	<u>5,648,412</u>	<u>3,412,715</u>	<u>188,028,576</u>	<u>189,674,933</u>
Liabilities						
Long-Term Liabilities	112,348,417	128,996,291	353,279	480,229	112,701,696	129,476,520
Other Liabilities	<u>19,494,782</u>	<u>13,138,544</u>	<u>131,109</u>	<u>229,278</u>	<u>19,625,891</u>	<u>13,367,822</u>
Total Liabilities	<u>131,843,199</u>	<u>142,134,835</u>	<u>484,388</u>	<u>709,507</u>	<u>132,327,587</u>	<u>142,844,342</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			19,926	14,837	19,926	14,837
Deferred Amounts on Net Pension Liability	<u>17,798,287</u>	<u>16,736,183</u>	<u>227,120</u>	<u>213,567</u>	<u>18,025,407</u>	<u>16,949,750</u>
Total Deferred Inflows of Resources	<u>17,798,287</u>	<u>16,736,183</u>	<u>247,046</u>	<u>228,404</u>	<u>18,045,333</u>	<u>16,964,587</u>
Total Liabilities and Deferred Inflows of Resources	<u>149,641,486</u>	<u>158,871,018</u>	<u>731,434</u>	<u>937,911</u>	<u>150,372,920</u>	<u>159,808,929</u>
Net Position						
Net Investment in Capital Assets	59,838,205	57,367,427	658,225	710,768	60,496,430	58,078,195
Restricted	14,017,797	17,354,981			14,017,797	17,354,981
Unrestricted	<u>(41,117,324)</u>	<u>(47,331,208)</u>	<u>4,258,753</u>	<u>1,764,036</u>	<u>(36,858,571)</u>	<u>(45,567,172)</u>
Total Net Position	<u>\$ 32,738,678</u>	<u>\$ 27,391,200</u>	<u>\$ 4,916,978</u>	<u>\$ 2,474,804</u>	<u>\$ 37,655,656</u>	<u>\$ 29,866,004</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

**Changes in Net Position
For The Fiscal Years Ended June 30, 2022 and 2021**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues						
Charges for Services	\$ 523,442	\$ 291,129	\$ 1,967,172	\$ 1,029,688	\$ 2,490,614	\$ 1,320,817
Operating Grants and Contributions	54,995,220	65,649,610	6,156,912	2,748,677	61,152,132	68,398,287
Capital Grants and Contributions	977,895	22,485			977,895	22,485
General Revenues						
Property Taxes	155,853,296	153,073,384			155,853,296	153,073,384
State Aid	6,413,239	6,178,020			6,413,239	6,178,020
Other	682,472	671,693	4,894	3,463	687,366	675,156
Total Revenues	<u>219,445,564</u>	<u>225,886,321</u>	<u>8,128,978</u>	<u>3,781,828</u>	<u>227,574,542</u>	<u>229,668,149</u>
Expenses						
Instruction						
Regular	86,351,899	89,174,956			86,351,899	89,174,956
Special Education	32,455,782	37,280,395			32,455,782	37,280,395
Vocational Education-Tuition	142,100	209,766			142,100	209,766
School Sponsored Activities and Athletics	2,919,407	2,312,953			2,919,407	2,312,953
Other Instruction	9,276,817	9,368,249			9,276,817	9,368,249
Support Services						
Student and Instruction Related Services	25,193,526	24,315,008			25,193,526	24,315,008
School Administrative Services	9,269,729	10,323,389			9,269,729	10,323,389
General Administrative Services	3,023,851	2,860,450			3,023,851	2,860,450
Plant Operations and Maintenance	23,383,794	19,522,304			23,383,794	19,522,304
Pupil Transportation	15,528,748	11,374,087			15,528,748	11,374,087
Business and Other Support Services	4,546,598	4,222,529			4,546,598	4,222,529
Interest on Long-Term Debt	2,419,655	2,511,922			2,419,655	2,511,922
Food Service			5,272,984	2,847,126	5,272,984	2,847,126
Other-Business Activities	-	-	-	251,344	-	251,344
Total Expenses	<u>214,511,906</u>	<u>213,476,008</u>	<u>5,272,984</u>	<u>3,098,470</u>	<u>219,784,890</u>	<u>216,574,478</u>
Increase in Net Position	4,933,658	12,410,313	2,855,994	683,358	7,789,652	13,093,671
Transfers	413,820	-	(413,820)	-	-	-
Change in Net Position	5,347,478	12,410,313	2,442,174	683,358	7,789,652	13,093,671
Net Position, Beginning of Year	<u>27,391,200</u>	<u>14,980,887</u>	<u>2,474,804</u>	<u>1,791,446</u>	<u>29,866,004</u>	<u>16,772,333</u>
Net Position, End of Year	<u>\$ 32,738,678</u>	<u>\$ 27,391,200</u>	<u>\$ 4,916,978</u>	<u>\$ 2,474,804</u>	<u>\$ 37,655,656</u>	<u>\$ 29,866,004</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Governmental Activities. The District's total governmental activities' revenues and transfers, which includes State and Federal grants, were \$219,859,384 and \$225,886,321 for the fiscal years ended June 30, 2022 and June 30, 2021, respectively. Property taxes of \$155,853,296 and \$153,073,384 represented 71% and 68% of revenues. Another portion of revenues came from State and Federal aid; total State, Federal and formula aid was \$61,408,459 and \$71,997,865 which was represented 28% and 32% of the revenues for fiscal years ended June 30, 2022 and 2021, respectively. The significant decrease in this revenue type is attributable to the net adjustment to the On-Behalf contribution to TPAF Pension to recognize the actuarially determined amount that was contributed on behalf of the District. This adjustment which affects both the revenues and expenses of the governmental activities was \$(15,993,020) for the fiscal year ended June 30, 2022 compared to \$5,494,078 for the fiscal year ended June 30, 2021. The District also had \$977,895 and \$22,485 of capital grants and contributions for the fiscal years ended June 30, 2022 and 2021, respectively. The balance of revenues for fiscal year June 30, 2022 and 2021, respectively is charges for tuition (\$196,376 and \$138,399), charges for school sponsored activities and athletics (\$327,066 and \$147,750), charges for rentals (\$19,212 and \$4,980) and miscellaneous income (663,260 and \$671,693) which includes items such as investment earnings, prior year refunds, etc.

The total cost of all governmental activities programs and services was \$214,511,906 and \$213,476,008. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$131,146,005 and \$138,346,319 (61% and 65%) of total expenses, respectively. Student and Instruction Related Services totaled \$25,193,526 and \$24,315,008 or (12% and 12%) of total expenses. Plant operations and maintenance services totaled \$23,383,794 and \$19,522,304 (11% and 9%) of total expenses. Pupil Transportation total \$15,528,748 and \$11,374,087 or (7% and 5%) of total expenses. Administrative services were \$16,840,178 and \$17,406,368 or (8% and 8%) of total expenses. Interest on Long-Term Debt totaled \$2,419,655 and \$2,511,922 or (1% and 1%) of total expenses.

Total governmental activities revenues and transfers exceeded expenses resulting in net position increasing \$5,347,478 from the previous year.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
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Total and Net Cost of Governmental Activities. The District's total cost of services was \$214,511,906 and \$213,476,008 for the fiscal years ended June 30, 2022 and 2021. After applying program revenues, derived from charges for services of \$523,442 and \$291,129, and operating grants and contributions of \$54,995,220 and \$65,649,610, and capital grants and contributions of \$977,895 and \$22,485, the net cost of services of the District is \$158,015,349 and \$147,512,784, respectively

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2022 and 2021**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Instruction				
Regular	\$ 86,351,899	\$ 89,174,956	\$ 63,829,621	\$ 62,203,600
Special Education	32,455,782	37,280,395	13,881,350	15,717,573
Vocational Education-Tuition	142,100	209,766	142,100	209,766
School Sponsored Activities and Athletics	2,919,407	2,312,953	1,968,612	1,369,097
Other Instruction	9,276,817	9,368,249	6,833,008	5,927,072
Support Services				
Student and Instruction Related Services	25,193,526	24,315,008	21,779,086	20,229,555
School Administrative Services	9,269,729	10,323,389	7,320,428	7,643,660
General Administrative Services	3,023,851	2,860,450	2,858,863	2,708,250
Plant Operations and Maintenance	23,383,794	19,522,304	20,240,561	16,680,715
Pupil Transportation	15,528,748	11,374,087	12,819,648	8,966,715
Business and Other Support Services	4,546,598	4,222,529	4,147,018	3,813,433
Interest on Long-Term Debt	<u>2,419,655</u>	<u>2,511,922</u>	<u>2,195,054</u>	<u>2,043,348</u>
Total	<u>\$ 214,511,906</u>	<u>\$ 213,476,008</u>	<u>\$ 158,015,349</u>	<u>\$ 147,512,784</u>

Business-Type Activities – The District's total business-type activities revenues were \$8,128,978 and \$3,781,828 for the fiscal years ended June 30, 2022 and 2021, respectively. Charges for services accounted for 24% and 27% of total revenues for the fiscal years, respectively. Operating grants and contributions of \$6,156,912 and \$2,748,677 accounted for 76% and 73% of total revenue for each of the fiscal years. The balance of the revenues, \$4,894 and \$3,463, respectively represents investment earnings.

The total cost of all business-type activities programs and services including transfers was \$5,686,804 and \$3,098,470 for the fiscal years ended June 30, 2022 and 2021. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of the C.A.R.E. program within the District.

Total business-type activities revenues exceeded expenses and transfers increasing net position by \$2,442,174 from the last year.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
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**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2022, its governmental funds reported a combined fund balance of \$23,566,107. At June 30, 2021, the fund balance was \$28,920,230.

Revenues and other financing sources for the District's governmental funds were \$283,656,347 while total expenditures and other financing uses were \$289,010,470 thereby decreasing fund balance by \$5,354,123 for the fiscal year ended June 30, 2022.

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Taxes	\$ 148,096,382	\$ 145,192,531	\$ 2,903,851	2%
Interest	8,817	121,039	(112,222)	-93%
State/Federal Sources	49,541,366	41,487,008	8,054,358	19%
Miscellaneous	<u>869,141</u>	<u>688,496</u>	<u>180,645</u>	26%
Total	<u>\$ 198,515,706</u>	<u>\$ 187,489,074</u>	<u>\$ 11,026,632</u>	6%

Total General Fund Revenues increased by \$11,026,632 or 6% over the previous year.

Local property taxes increased 2% over the previous year. State and federal aid revenues increased \$8,054,358 or 19% predominantly attributable to an increase in state On-Behalf TPAF pension costs contributed by the state.

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

Miscellaneous revenues increased in fiscal year end June 30, 2022 compared to the previous year.

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**Management's Discussion and Analysis
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The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 124,663,155	\$ 115,390,145	\$ 9,273,010	8%
Support and Undistributed Services	73,355,510	63,599,293	9,756,217	15%
Capital Outlay	150,248	676,935	(526,687)	-78%
Debt Service	<u>1,640,018</u>	<u>1,125,701</u>	<u>514,317</u>	46%
Total	<u>\$ 199,808,931</u>	<u>\$ 180,792,074</u>	<u>\$ 19,016,857</u>	11%

Total General Fund expenditures increased \$19,016,857 or 11% from the previous year.

In 2021-2022, General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$3,335,460. As a result, total fund balance decreased to \$21,647,329 at June 30, 2022. After deducting transfers and reserves, the unrestricted, unassigned fund balance increased from \$3,623,344 at June 30, 2021 to a balance of \$4,035,111 at June 30, 2022.

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

Revenues of the Special Revenue Fund were \$11,869,236 for the fiscal year ended June 30, 2022. State and Federal sources accounted for the majority of Special Revenue Fund's revenue each of which represented 48% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$2,120,118 or 22% over the previous year. State sources increased \$650,009, Federal sources increased \$1,434,156 and local sources increased \$35,953.

Expenditures of the Special Revenue Fund were \$11,244,301 Instructional expenditures were \$9,530,733 or 85%. Expenditures for the support services were \$735,673 or 6% of total expended for the fiscal year ended June 30, 2022. The balance of expenditures, \$977,895 was for capital outlay.

Capital Projects - The capital projects revenues and other financing sources were less than expenditures and other financing uses by \$3,077,652 decreasing fund balance to \$1,206,677 at June 30, 2022. The decrease is primarily due to the expenditure of funds related to the referendum projects as well as various other capital projects.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Proprietary Funds

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$135,859,700 (net of accumulated depreciation). The capital assets consist of land improvements, buildings and building improvements, construction in progress, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2021-2022 amounted to \$8,535,535 for governmental activities and \$62,928 for business-type activities.

Capital Assets at June 30, 2022 and 2021
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 20,311,056	\$ 20,311,056			\$ 20,311,056	\$ 20,311,056
Construction in Progress	11,711,619	11,407,720			11,711,619	11,407,720
Improvements Other Than Buildings	3,368,586	2,580,438			3,368,586	2,580,438
Building and Building Improvements	97,950,233	102,282,614			97,950,233	102,282,614
Machinery and Equipment	<u>1,859,981</u>	<u>2,551,711</u>	<u>\$ 658,225</u>	<u>\$ 710,768</u>	<u>2,518,206</u>	<u>3,262,479</u>
Total Capital Assets, Net	<u>\$ 135,201,475</u>	<u>\$ 139,133,539</u>	<u>\$ 658,225</u>	<u>\$ 710,768</u>	<u>\$ 135,859,700</u>	<u>\$ 139,844,307</u>

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

LONG TERM LIABILITIES

At year end, the District's long-term liabilities of the governmental activities consisted of compensated absences payable of \$3,184,350 claims and judgments payable of \$1,295,851; bonds payable, including unamortized premium, of \$72,128,915 capital and other financing agreements payable of \$8,054,578 and net pension liability of \$27,684,723. The District's long-term liabilities for the business-type activities consisted of net pension liability of \$353,279.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2022-2023 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, out of district tuition, tuition for charter schools, energy and employee related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Franklin Township Public Schools, 2301 Route 27, Somerset, NJ 08873.

BASIC FINANCIAL STATEMENTS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 34,736,831	\$ 4,262,699	\$ 38,999,530
Receivables, net	6,874,471	616,843	7,491,314
Inventory		63,664	63,664
Internal Balances	(11,767)	11,767	-
Restricted Cash with Fiscal Agents	123,000		123,000
Capital Assets			
Not Being Depreciated	32,022,675		32,022,675
Being Depreciated, Net	103,178,800	658,225	103,837,025
Total Assets	176,924,010	5,613,198	182,537,208
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	2,696,645		2,696,645
Deferred Amounts on Net Pension Liability	2,759,509	35,214	2,794,723
Total Deferred Outflows of Resources	5,456,154	35,214	5,491,368
Total Assets and Deferred Outflows of Resources	182,380,164	5,648,412	188,028,576
LIABILITIES			
Accounts Payable and Other Current Liabilities	12,341,231	85,470	12,426,701
Payable to Governments	266,535		266,535
Accrued Interest Payable	1,338,354		1,338,354
Unearned Revenue	5,548,662	45,639	5,594,301
Noncurrent Liabilities			
Due Within One Year	7,627,081		7,627,081
Due Beyond One Year	104,721,336	353,279	105,074,615
Total Liabilities	131,843,199	484,388	132,327,587
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		19,926	19,926
Deferred Amounts on Net Pension Liability	17,798,287	227,120	18,025,407
Total Deferred Inflows of Resources	17,798,287	247,046	18,045,333
Total Liabilities and Deferred Inflows of Resources	149,641,486	731,434	150,372,920
NET POSITION			
Net Investment in Capital Assets	59,838,205	658,225	60,496,430
Restricted for			
Capital Projects	8,950,659		8,950,659
Other	4,626,671		4,626,671
Debt Service	440,467		440,467
Unrestricted	(41,117,324)	4,258,753	(36,858,571)
Total Net Position	\$ 32,738,678	\$ 4,916,978	\$ 37,655,656

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Instruction							
Regular	\$ 86,351,899	\$ 196,376	\$ 21,348,007	\$ 977,895	\$ (63,829,621)		\$ (63,829,621)
Special Education	32,455,782		18,574,432		(13,881,350)		(13,881,350)
Vocational Education- Tuition	142,100				(142,100)		(142,100)
School Sponsored Activities and Athletics	2,919,407	327,066	623,729		(1,968,612)		(1,968,612)
Other Instruction	9,276,817		2,443,809		(6,833,008)		(6,833,008)
Support Services							
Student & Instruction Related Services	25,193,526		3,414,440		(21,779,086)		(21,779,086)
School Administrative Services	9,269,729		1,949,301		(7,320,428)		(7,320,428)
General Administrative Services	3,023,851		164,988		(2,858,863)		(2,858,863)
Plant Operations and Maintenance	23,383,794		3,143,233		(20,240,561)		(20,240,561)
Pupil Transportation	15,528,748		2,709,100		(12,819,648)		(12,819,648)
Business/Central & Other Support Services	4,546,598		399,580		(4,147,018)		(4,147,018)
Interest on Long-Term Debt	2,419,655	-	224,601	-	(2,195,054)	-	(2,195,054)
Total Governmental Activities	<u>214,511,906</u>	<u>523,442</u>	<u>54,995,220</u>	<u>977,895</u>	<u>(158,015,349)</u>	<u>-</u>	<u>(158,015,349)</u>
Business-Type Activities							
Food Service	5,272,984	1,835,165	6,156,912			\$ 2,719,093	2,719,093
C.A.R.E.	-	132,007	-	-	-	132,007	132,007
Total Business-Type Activities	<u>5,272,984</u>	<u>1,967,172</u>	<u>6,156,912</u>	<u>-</u>	<u>-</u>	<u>2,851,100</u>	<u>2,851,100</u>
Total Primary Government	<u>\$ 219,784,890</u>	<u>\$ 2,490,614</u>	<u>\$ 61,152,132</u>	<u>\$ 977,895</u>	<u>(158,015,349)</u>	<u>2,851,100</u>	<u>(155,164,249)</u>
General Revenues							
Property Taxes							
General Purposes					148,096,382		148,096,382
Debt Service					7,756,914		7,756,914
State Aid Unrestricted					6,413,239		6,413,239
Investment Earnings					9,707	4,894	14,601
Miscellaneous Income					672,765		672,765
Transfers					413,820	(413,820)	-
Total General Revenues					<u>163,362,827</u>	<u>(408,926)</u>	<u>162,953,901</u>
Change in Net Position					5,347,478	2,442,174	7,789,652
Net Position, July 1, 2021,					<u>27,391,200</u>	<u>2,474,804</u>	<u>29,866,004</u>
Net Position, June 30, 2022					<u>\$ 32,738,678</u>	<u>\$ 4,916,978</u>	<u>\$ 37,655,656</u>

FUND FINANCIAL STATEMENTS

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 31,970,130	\$ 2,331,272		\$ 435,429	\$ 34,736,831
Cash with Fiscal Agents	123,000				123,000
Due from Other Funds	488,604				488,604
Receivables from Other Governments	504,347	4,485,431	\$ 1,845,008		6,834,786
Other Receivables	31,696	7,989	-	-	39,685
	<u>33,117,777</u>	<u>6,824,692</u>	<u>1,845,008</u>	<u>435,429</u>	<u>42,222,906</u>
Total Assets	<u>\$ 33,117,777</u>	<u>\$ 6,824,692</u>	<u>\$ 1,845,008</u>	<u>435,429</u>	<u>\$ 42,222,906</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 3,999,355	\$ 821,157	\$ 149,727		\$ 4,970,239
Deposits Payable		136			136
Accrued Liability for Insurance Claims	3,362,413				3,362,413
Payroll Deductions and Withholdings	4,008,443				4,008,443
Due to Other Funds	11,767		488,604		500,371
Payable to State Government	88,470	177,840			266,310
Payable to Federal Government		225			225
Unearned Revenue	-	5,548,662	-	-	5,548,662
	<u>11,470,448</u>	<u>6,548,020</u>	<u>638,331</u>	<u>-</u>	<u>18,656,799</u>
Total Liabilities	<u>11,470,448</u>	<u>6,548,020</u>	<u>638,331</u>	<u>-</u>	<u>18,656,799</u>
Fund Balances					
Restricted					
Excess Surplus	1,502,825				1,502,825
Excess Surplus- Designated for					
Subsequent Year's Budget (2022/23)	2,433,214				2,433,214
Capital Reserve	3,949,020				3,949,020
Capital Reserve-Designated for					
Subsequent Year's Budget (2022/23)	3,800,000				3,800,000
Maintenance Reserve	2,035,331				2,035,331
Emergency Reserve	1,000,000				1,000,000
Unemployment Compensation Reserve	1,314,668				1,314,668
Capital Projects			1,201,639		1,201,639
Student Activities		276,672			276,672
Debt Service			5,038	\$ 435,429	440,467
Assigned					
Encumbrances	1,577,160				1,577,160
Unassigned					
General Fund	4,035,111	-	-	-	4,035,111
	<u>21,647,329</u>	<u>276,672</u>	<u>1,206,677</u>	<u>435,429</u>	<u>23,566,107</u>
Total Fund Balances	<u>21,647,329</u>	<u>276,672</u>	<u>1,206,677</u>	<u>435,429</u>	<u>23,566,107</u>
Total Liabilities and Fund Balances	<u>\$ 33,117,777</u>	<u>\$ 6,824,692</u>	<u>\$ 1,845,008</u>	<u>\$ 435,429</u>	<u>\$ 42,222,906</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022**

Total Fund Balance (Exhibit B-1)		\$ 23,566,107
<p>Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$223,902,366 and the accumulated depreciation is \$88,700,891.</p>		135,201,475
<p>The District has financed capital assets through the issuance of serial bonds and capital lease/lease purchase obligations. The interest accrual at year end is:</p>		(1,338,354)
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		2,696,645
<p>Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2A)</p>		(112,348,417)
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
Deferred Outflows of Resources	\$ 2,759,509	
Deferred Inflows of Resources	<u>(17,798,287)</u>	
		<u>(15,038,778)</u>
Net Position of Governmental Activities (Exhibit A-1)		<u>\$ 32,738,678</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Taxes	\$ 148,096,382			\$ 7,756,914	\$ 155,853,296
Tuition	196,376				196,376
Interest	8,817		\$ 890		9,707
Miscellaneous	672,765	\$ 424,366		-	1,097,131
Total - Local Sources	148,974,340	424,366	890	7,756,914	157,156,510
State Sources	49,214,811	5,711,237		935,836	55,861,884
Federal Sources	326,555	5,733,633	-	-	6,060,188
Total Revenues	198,515,706	11,869,236	890	8,692,750	219,078,582
EXPENDITURES					
Current					
Regular Instruction	83,032,297	5,137,920			88,170,217
Special Education Instruction	29,193,536	4,100,856			33,294,392
Vocational Education Instruction- Tuition	142,100				142,100
Other Instruction	9,641,090				9,641,090
School-Sponsored Activities and Athletics	2,654,132	291,957			2,946,089
Support Services					
Student and Instruction Related Services	25,686,556				25,686,556
School Administrative Services	9,618,301				9,618,301
General Administrative Services	2,531,235		202,324		2,733,559
Plant Operations and Maintenance	17,414,803				17,414,803
Pupil Transportation	14,619,526	735,673			15,355,199
Business Central Services	3,485,089				3,485,089
Debt Service					
Principal	1,457,681			6,220,000	7,677,681
Interest and Other Charges	182,337			2,037,321	2,219,658
Cost of Issuance				332,702	332,702
Capital Outlay	150,248	977,895	3,475,328	-	4,603,471
Total Expenditures	199,808,931	11,244,301	3,677,652	8,590,023	223,320,907
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,293,225)	624,935	(3,676,762)	102,727	(4,242,325)
OTHER FINANCING SOURCES (USES)					
Other Financing Agreement Proceeds	1,141,680				1,141,680
Proceeds from Refunding Bonds				56,420,000	56,420,000
Payments to Escrow Agent				(59,087,298)	(59,087,298)
Transfers In	416,085		3,600,000	3,000,000	7,016,085
Transfers Out	(3,600,000)	(1,375)	(3,000,890)	-	(6,602,265)
Total Other Financing Sources and Uses	(2,042,235)	(1,375)	599,110	332,702	(1,111,798)
Net Change in Fund Balances	(3,335,460)	623,560	(3,077,652)	435,429	(5,354,123)
Fund Balance, Beginning of Year	24,982,789	(346,888)	4,284,329	-	28,920,230
Fund Balance, End of Year	\$ 21,647,329	\$ 276,672	\$ 1,206,677	\$ 435,429	\$ 23,566,107

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (5,354,123)

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

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

Capital Outlay	\$	4,603,471	
Depreciation Expense		<u>(8,535,535)</u>	(3,932,064)

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

Net Increase in Compensated Absences		(400,268)	
Net Decrease in Claims and Judgements for Self-Insurance		80,128	
Decrease in Governmental Activities Pension Expense		<u>5,950,503</u>	5,630,363

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the net effect of these activities: (See Note 2B) 9,203,299

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

Amortization of Original Issue Premium		343,582	
Amortization of Deferred Amount on Refunding of Debt		<u>(263,550)</u>	

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

Increase in Accrued Interest		<u>(280,029)</u>	
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 5,347,478

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2022

	<u>Food Service</u>	<u>C.A.R.E. Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 4,262,699		\$ 4,262,699
Intergovernmental Receivable			
State	7,321		7,321
Federal	609,522		609,522
Due from Other Funds	11,767		11,767
Inventories	<u>63,664</u>	<u>-</u>	<u>63,664</u>
Total Current Assets	<u>4,954,973</u>	<u>-</u>	<u>4,954,973</u>
Capital Assets			
Equipment	1,659,607		1,659,607
Less: Accumulated Depreciation	<u>(1,001,382)</u>	<u>-</u>	<u>(1,001,382)</u>
Total Capital Assets, Net	<u>658,225</u>	<u>-</u>	<u>658,225</u>
Total Assets	<u>5,613,198</u>	<u>-</u>	<u>5,613,198</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>35,214</u>	<u>-</u>	<u>35,214</u>
Total Deferred Outflows of Resources	<u>35,214</u>	<u>-</u>	<u>35,214</u>
Total Assets and Deferred Outflows of Resources	<u>5,648,412</u>	<u>-</u>	<u>5,648,412</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	85,470		85,470
Unearned Revenue	<u>45,639</u>	<u>-</u>	<u>45,639</u>
Total Current Liabilities	<u>131,109</u>	<u>-</u>	<u>131,109</u>
Noncurrent Liabilities			
Net Pension Liability	<u>353,279</u>	<u>-</u>	<u>353,279</u>
Total Liabilities	<u>484,388</u>	<u>-</u>	<u>484,388</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	19,926		19,926
Deferred Amounts on Net Pension Liability	<u>227,120</u>	<u>-</u>	<u>227,120</u>
Total Deferred Inflows of Resources	<u>247,046</u>	<u>-</u>	<u>247,046</u>
Total Liabilities and Deferred Inflows of Resources	<u>731,434</u>	<u>-</u>	<u>731,434</u>
NET POSITION			
Investment in Capital Assets	658,225	-	658,225
Unrestricted	<u>4,258,753</u>	<u>-</u>	<u>4,258,753</u>
Total Net Position	<u>\$ 4,916,978</u>	<u>\$ -</u>	<u>\$ 4,916,978</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Food Service</u>	<u>C.A.R.E. Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales- Reimbursable Programs	\$ 1,660,730	-	\$ 1,660,730
Daily Sales- Non-Reimbursable Programs	174,435	-	174,435
Miscellaneous	-	\$ 132,007	132,007
	<u>1,835,165</u>	<u>132,007</u>	<u>1,967,172</u>
OPERATING EXPENSES			
Cost of Sales- Reimbursable Programs	3,146,731	-	3,146,731
Cost of Sales- Non-Reimbursable Programs	77,086	-	77,086
Salaries and Employee Benefits	1,732,414	-	1,732,414
Other Purchased Services	71,788	-	71,788
Supplies and Materials	179,243	-	179,243
Depreciation	62,928	-	62,928
Miscellaneous	2,794	-	2,794
	<u>5,272,984</u>	<u>-</u>	<u>5,272,984</u>
Operating Income/(Loss)	<u>(3,437,819)</u>	<u>132,007</u>	<u>(3,305,812)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	93,216	-	93,216
Federal Sources			
National School Lunch Program	3,687,050	-	3,687,050
Breakfast Program	1,539,665	-	1,539,665
Emergency Operational	295,430	-	295,430
Supply Chain Assistance Program	139,709	-	139,709
P-EBT Administrative Program	6,198	-	6,198
Food Distribution Program	395,644	-	395,644
Interest Earnings	4,894	-	4,894
	<u>6,161,806</u>	<u>-</u>	<u>6,161,806</u>
OTHER FINANCING SOURCES (USES)			
Transfers to General Fund	-	(413,820)	(413,820)
	<u>-</u>	<u>(413,820)</u>	<u>(413,820)</u>
Change in Net Position	2,723,987	(281,813)	2,442,174
Net Position, July 1, 2021	2,192,991	281,813	2,474,804
Net Position, June 30, 2022	<u>\$ 4,916,978</u>	<u>\$ -</u>	<u>\$ 4,916,978</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Food Service</u>	<u>C.A.R.E. Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 1,783,533	\$ -	\$ 1,783,533
Cash Payments for Employees' Salaries and Benefits	(1,722,878)		(1,722,878)
Cash Payments to Suppliers for Goods and Services	(3,091,907)	-	(3,091,907)
Net Cash Provided/(Used) by Operating Activities	<u>(3,031,252)</u>	<u>-</u>	<u>(3,031,252)</u>
Cash Flows from Noncapital Financing Activities			
Transfer to Other Fund		(413,820)	(413,820)
Cash Received from State and Federal Subsidy Reimbursements	5,559,574	-	5,559,574
Net Cash Provided (Used) by Noncapital Financing Activities	<u>5,559,574</u>	<u>(413,820)</u>	<u>5,145,754</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(10,385)	-	(10,385)
Net Cash (Used by) Capital Financing Activities	<u>(10,385)</u>	<u>-</u>	<u>(10,385)</u>
Cash Flows from Investing Activities			
Interest on Investments	4,894	-	4,894
Net Cash Provided by Investing Activities	<u>4,894</u>	<u>-</u>	<u>4,894</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,522,831	(413,820)	2,109,011
Cash and Cash Equivalents, July 1, 2021	<u>1,739,868</u>	<u>413,820</u>	<u>2,153,688</u>
Cash and Cash Equivalents, June 30, 2022	<u>\$ 4,262,699</u>	<u>\$ -</u>	<u>\$ 4,262,699</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/ (Used) by Operating Activities			
Operating Income/(Loss)	\$ (3,437,819)	\$ 132,007	\$ (3,305,812)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities			
Depreciation	62,928		62,928
Food Distribution (USDA Commodities) Nat'l School Lunch	395,644		395,644
Change in Assets, Liabilities and Deferred Inflows/Outflows of Resources			
Increase/(Decrease) in Accounts Payable	85,470		85,470
Increase/(Decrease) in Unearned Revenue	(51,632)		(51,632)
Increase/(Decrease) in Deferred Commodities Revenue	5,089		5,089
(Increase)/Decrease in Inventories	(14,998)		(14,998)
Increase/(Decrease) in Deposits Payable		(132,007)	(132,007)
Increase/(Decrease) in Net Pension Liability	(126,950)		(126,950)
(Increase)/Decrease in Deferred Outflows of Resources-Net Pension Liability	37,463		37,463
Increase/(Decrease) in Deferred Inflows of Resources-Net Pension Liability	13,553	-	13,553
Total Adjustments	<u>406,567</u>	<u>(132,007)</u>	<u>274,560</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (3,031,252)</u>	<u>\$ -</u>	<u>\$ (3,031,252)</u>
Non-Cash Investing, Capital and Related Financing Activities			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 400,733		

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

NOTES TO THE FINANCIAL STATEMENTS

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2022, the District adopted the following GASB statements:

- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 92, *Omnibus 2020*. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

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

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB Statement No. 99, *Omnibus 2022*, the section applicable to the District will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

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

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

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

6. Deferred Outflows/Inflows of Resources

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Deferred Outflows/Inflows of Resources (Continued)

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

7. Compensated Absences

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

8. Pensions

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

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

9. Financing Agreements

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Long-Term Obligations*

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

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

11. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that is required to be appropriated in the 2023/2024 original budget certified for taxes.

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

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

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2022/2023 District budget certified for taxes.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

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

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

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

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

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

12. Fund Balance Policies

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. *Fund Balance Policies (Continued)*

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2020-2021 and 2021-2022 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Bonds Payable	\$ (71,485,000)
Add: Issuance Premium (to be Amortized as Interest Expense)	(643,915)
Capital Financing Agreements	(5,931,000)
Other Financing Agreements	(2,123,578)
Claims and Judgments	(1,295,851)
Compensated Absences	(3,184,350)
Net Pension Liability	<u>(27,684,723)</u>

Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (112,348,417)</u>
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B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities

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

Debt Issued:	
Refunding Bonds	\$ (56,420,000)
Other Financing Agreements	(1,141,680)
Principal Repayments:	
General Obligation Bonds	6,220,000
Capital Financing Agreements	298,000
Other Financing Agreements	1,159,681
Payment to Escrow agent for refunding	<u>59,087,298</u>

Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 9,203,299</u>
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$14,887,436. The increase was funded by the additional grant awards, student activity revenues, scholarship donations and the reappropriation of prior year general fund encumbrances.

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>General Fund</u>			
Tuition to Other LEAs Within State-Special Health Services	\$ 2,702,072	\$ 2,724,528	\$ 22,456
Purchased Professional and Technical Services	18,514	20,682	2,168
Other Support Services - Students Extra Service			
Purchased Professional and Educational Services	1,991,208	2,021,407	30,199
General Administration			
Legal Services	70,500	165,190	94,690
Communications/Telephone	491,626	515,389	23,763
Custodial Services			
Energy (Gasoline)	17,172	19,278	2,106
Student Transportation Services			
Management Fee - ESC & CTSA Trans. Program	43,496	109,189	65,693
Other Purchased Professional and Technical Svcs	17,480	254,613	237,133
Cleaning, Repair and Maintenance Services	188,012	248,806	60,794
Contracted Services (Spec Ed Students)-ESCs & CTSAs	1,663,638	2,694,378	1,030,740
Unallocated Benefits - Employee Benefits			
Social Security Contributions	1,562,640	1,656,794	94,154
<u>Capital Projects</u>			
Various renovations, alterations and improvements to all district schools - 2014 Referendum	87,273,240	87,681,132	407,892

The General Fund overexpenditures were a result of an audit adjustment. The above variances were offset with other available resources.

C. Capital Reserve

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021		\$ 11,344,502
Increased by:		
Interest Earnings - Transferred from Capital Projects Fund	\$ 890	
Interest Earnings	<u>3,628</u>	
		<u>4,518</u>
		11,349,020
Decreased by:		
Withdrawals by Budget Appropriation - Capital Projects Fund		<u>3,600,000</u>
Balance, June 30, 2022		<u>\$ 7,749,020</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$3,800,000 of the capital reserve balance at June 30, 2022 was designated and appropriated for use in the 2022/2023 original budget certified for taxes.

D. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021		\$ 2,033,569
Increased by:		
Interest Earnings		<u>1,762</u>
Balance, June 30, 2022		<u>\$ 2,035,331</u>

The June 30, 2022 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$7,030,355.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Emergency Reserve

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

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

The activity of the emergency reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021	<u>\$ 1,000,000</u>
Balance, June 30, 2022	<u>\$ 1,000,000</u>

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2022 is \$3,936,039. Of this amount, \$2,433,214 was designated and appropriated in the 2022/2023 original budget certified for taxes and the remaining amount of \$1,502,825 will be appropriated in the 2023/2024 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2022, the book value of the Board's deposits were \$39,122,530 and bank and brokerage firm balances of the Board's deposits amounted to \$40,211,678. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	
Cash and Cash Equivalents	\$ 40,088,678
Uninsured and Collateralized	
Cash with Fiscal Agent	<u>123,000</u>
	<u>\$ 40,211,678</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2022 the Board's bank balance of \$4,875,608 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 4,875,608</u>
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Investments

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

As of June 30, 2022, the Board had no outstanding investments.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

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

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

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

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

B. Receivables

Receivables as of June 30, 2022 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 31,696	\$ 7,989			\$ 39,685
Intergovernmental					
Federal	63,461	4,472,110		\$ 609,522	5,145,093
State	425,506		\$ 1,845,008	7,321	2,277,835
Other	15,380	13,321	-	-	28,701
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Receivables	\$ 536,043	\$ 4,493,420	\$ 1,845,008	\$ 616,843	\$ 7,491,314

C. Unearned Revenue

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 4,550,137
Grant Draw Downs Year End Encumbrances	998,525
	<u> </u>
Total Unearned Revenue for Governmental Funds	\$ 5,548,662

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, <u>June 30, 2022</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 20,311,056				\$ 20,311,056
Construction in Progress	<u>11,407,720</u>	<u>\$ 3,475,328</u>	<u>-</u>	<u>\$ (3,171,429)</u>	<u>11,711,619</u>
Total Capital Assets, Not Being Depreciated	<u>31,718,776</u>	<u>3,475,328</u>	<u>-</u>	<u>(3,171,429)</u>	<u>32,022,675</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	165,782,089			1,206,346	166,988,435
Improvements Other Than Buildings	8,178,234			1,535,930	9,714,164
Machinery and Equipment	<u>13,619,796</u>	<u>1,128,143</u>	<u>-</u>	<u>429,153</u>	<u>15,177,092</u>
Total Capital Assets Being Depreciated	<u>187,580,119</u>	<u>1,128,143</u>	<u>-</u>	<u>3,171,429</u>	<u>191,879,691</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(63,499,475)	(5,538,727)			(69,038,202)
Improvements Other Than Buildings	(5,597,796)	(747,782)			(6,345,578)
Machinery and Equipment	<u>(11,068,085)</u>	<u>(2,249,026)</u>	<u>-</u>	<u>-</u>	<u>(13,317,111)</u>
Total Accumulated Depreciation	<u>(80,165,356)</u>	<u>(8,535,535)</u>	<u>-</u>	<u>-</u>	<u>(88,700,891)</u>
Total Capital Assets, Being Depreciated, Net	<u>107,414,763</u>	<u>(7,407,392)</u>	<u>-</u>	<u>-</u>	<u>103,178,800</u>
Governmental Activities Capital Assets, Net	<u>\$ 139,133,539</u>	<u>\$ (3,932,064)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,201,475</u>
	Balance, <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2022</u>	
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 1,700,002	\$ 10,385	\$ 50,780	\$ 1,659,607	
Total Capital Assets Being Depreciated	<u>1,700,002</u>	<u>10,385</u>	<u>50,780</u>	<u>1,659,607</u>	
Less Accumulated Depreciation for:					
Machinery and Equipment	<u>(989,234)</u>	<u>(62,928)</u>	<u>(50,780)</u>	<u>(1,001,382)</u>	
Total Accumulated Depreciation	<u>(989,234)</u>	<u>(62,928)</u>	<u>(50,780)</u>	<u>(1,001,382)</u>	
Total Capital Assets, Being Depreciated, Net	<u>710,768</u>	<u>(52,543)</u>	<u>-</u>	<u>658,225</u>	
Business-Type Activities Capital Assets, Net	<u>\$ 710,768</u>	<u>\$ (52,543)</u>	<u>\$ -</u>	<u>\$ 658,225</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 510,034
Support Services	
Student and Instruction Related Services	217,671
School Sponsored Activities and Athletics	66,291
General Administrative Services	
Plant Operations and Maintenance	6,370,748
Pupil Transportation	206,566
Business/Central & Other Support Services	<u>1,164,225</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 8,535,535</u>

Business-Type Activities:

Food Service Fund	<u>\$ 62,928</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 62,928</u>

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2022:

<u>Project</u>	<u>Remaining Commitment</u>
Acquisition of Information Technology Equipment	<u>\$ 640,896</u>
Total Commitments	<u>\$ 640,896</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 488,604
Food Service Enterprise Fund	General Fund	<u>11,767</u>
Total		<u>\$ 500,371</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>			<u>Total</u>
	<u>Capital Projects Fund</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	
<u>Transfer Out:</u>				
General Fund	\$ 3,600,000			\$ 3,600,000
Special Revenue Fund		\$ 1,375		1,375
Capital Projects Fund		890	\$ 3,000,000	3,000,890
CARE Enterprise Fund	-	<u>413,820</u>	-	<u>413,820</u>
Total Transfers	<u>\$ 3,600,000</u>	<u>\$ 416,085</u>	<u>\$ 3,000,000</u>	<u>\$ 7,016,085</u>

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

F. Financing Agreements

Capital Financing Agreements

The District entered into the following agreements to finance the construction of major capital facilities and other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the District’s approved General Fund budget.

Capital financing agreements at June 30, 2022 are comprised of the following:

\$7,534,000 fiscal year 2015 Agreement for Energy Conservation Measures and Equipment for a term of 20 years due in annual principal installments of \$318,000 to \$624,000 through October 15, 2034 interest at 2.747%	<u>\$ 5,931,000</u>
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements (Continued)

Other Financing Agreements

The District entered into the following agreements to finance the purchase of certain equipment that does not meet the threshold of a capital asset and therefore are classified as expendable supplies. The repayments under these financing agreements are subject to the annual appropriation of funds in the District's approved General Fund budget.

Other financing agreements at June 30, 2022 are comprised of the following:

\$1,309,197 Fiscal year 2021 Agreement for MacBooks for a term of 4 years due in annual principal installments of \$327,299 through July 15, 2024 interest at 0.00%	\$ 981,898
\$1,141,680 Fiscal year 2022 Agreement for Chromebooks for a term of 4 years due in annual principal installments of \$276,279 to \$291,782 through August 15, 2025 interest at 2.52%	<u>1,141,680</u>
	<u>\$ 2,123,578</u>

The maturity schedule of the remaining capital and other financing agreement payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Capital Agreements</u>		<u>Other Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 318,000	\$ 158,557	\$ 619,081	\$ 5,914	\$ 1,101,552
2024	338,000	149,547	603,578	21,417	1,112,542
2025	358,000	139,987	610,541	14,455	1,122,983
2026	378,000	129,878	290,378	7,318	805,574
2027	398,000	119,220			517,220
2028-2032	2,367,000	413,465			2,780,465
2033-2035	<u>1,774,000</u>	<u>74,938</u>	<u>-</u>	<u>-</u>	<u>1,848,938</u>
Total	<u>\$ 5,931,000</u>	<u>\$ 1,185,592</u>	<u>\$ 2,123,578</u>	<u>\$ 49,104</u>	<u>\$ 9,289,274</u>

G. Long-Term Debt

General Obligation Bonds

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Bonds payable at June 30, 2022 are comprised of the following issues:

\$24,970,000, 2009 Refunding Bonds, due in annual installments of \$45,000 to \$1,335,000 through August 15, 2023, interest at 4.00% to 5.00%	\$ 2,380,000
\$81,480,000, 2015 School Bonds, due in annual installments of \$3,985,000 through February 1, 2023, interest at 3.00%	3,985,000
\$8,700,000, 2016 Refunding Bonds, due in annual installments of \$2,140,000 to \$2,220,000 through August 15, 2026, interest at 3.00 to 4.00%	8,700,000
\$56,420,000, 2021 Refunding Bonds, due in annual installments of \$370,000 to \$4,845,000 through February 1, 2035, interest at .420% to 2.323%	<u>56,420,000</u>
	<u>\$ 71,485,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 6,690,000	\$ 3,154,333	\$ 9,844,333
2024	6,680,000	1,181,004	7,861,004
2025	6,730,000	1,085,182	7,815,182
2026	6,735,000	965,888	7,700,888
2027	6,750,000	829,839	7,579,839
2028-2032	23,900,000	2,857,343	26,757,343
2033-2035	<u>14,000,000</u>	<u>628,043</u>	<u>14,628,043</u>
Total	<u>\$ 71,485,000</u>	<u>\$ 10,701,632</u>	<u>\$ 82,186,632</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2022 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 465,612,466
Less: Net Debt (Including Authorized But Not Issued)	<u>71,485,257</u>
Remaining Borrowing Power	<u>\$ 394,127,209</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Advance Refunding of Debt

On July 7, 2021, the District issued \$56,420,000 in Refunding School Bonds having interest rates of 0.42% to 2.323%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2015 School Bonds of the District. The total bond principal defeased was \$56,560,000 and the total interest payments defeased through the call date of February 1, 2023 was \$2,648,325. The net proceeds of \$59,087,298 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,527,298. This amount has been reported as a Deferred Outflow of Resources on the financial statements and amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$6,738,671 and resulted in an economic gain of \$5,974,214.

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance, <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2022</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 77,845,000	\$ 56,420,000	\$ 62,780,000	\$ 71,485,000	\$ 6,690,000
Add:					
Unamortized Premium	<u>987,497</u>	<u>-</u>	<u>343,582</u>	<u>643,915</u>	<u>-</u>
Bonds Payable, Gross	78,832,497		63,123,582	72,128,915	6,690,000
Capital Financing Agreements	6,229,000		298,000	5,931,000	318,000
Other Financing Agreements	2,141,579	\$ 1,141,680	1,159,681	2,123,578	619,081
Claims and Judgments	1,375,979		80,128	1,295,851	
Compensated Absences	2,784,082	400,268		3,184,350	
Net Pension Liability	<u>37,633,154</u>	<u>-</u>	<u>9,948,431</u>	<u>27,684,723</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 128,996,291</u>	<u>\$ 1,541,948</u>	<u>\$ 74,609,822</u>	<u>\$ 112,348,417</u>	<u>\$ 7,627,081</u>
Business-Type Activities:					
Net Pension Liability	<u>\$ 480,229</u>	<u>\$ -</u>	<u>\$ (126,950)</u>	<u>\$ 353,279</u>	<u>\$ -</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 480,229</u>	<u>\$ -</u>	<u>\$ (126,950)</u>	<u>\$ 353,279</u>	<u>\$ -</u>

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2022, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$2,324,494 reported at June 30, 2022 is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the worker's compensation plan for the fiscal years ended June 30, 2022 and 2021 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Unpaid Claims, Beginning of Year	\$ 2,384,622	\$ 2,258,861
Incurred Claims	384,705	544,183
Claim Payments	<u>(444,833)</u>	<u>(418,422)</u>
Unpaid Claims, End of Year	<u>\$ 2,324,494</u>	<u>\$ 2,384,622</u>
General Fund		
Other Current Liabilities	\$ 1,028,643	\$ 1,028,643
Governmental Activities		
Noncurrent Liabilities	<u>1,295,851</u>	<u>1,355,979</u>
	<u>\$ 2,324,494</u>	<u>\$ 2,384,622</u>

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

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2022, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator. The unpaid claims liability of \$2,333,770 reported at June 30, 2022 is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Changes in the balances of claims liabilities for the health insurance plan for the fiscal year ended June 30, 2022 and 2021 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Unpaid Claims, Beginning of Year	\$ 3,020,000	\$ 3,962,854
Incurred Claims	21,782,827	16,523,882
Claim Payments	<u>(22,469,057)</u>	<u>(17,466,736)</u>
Unpaid Claims, End of Year	<u>\$ 2,333,770</u>	<u>\$ 3,020,000</u>
General Fund		
Other Current Liabilities	\$ 2,333,770	\$ 3,000,000
Governmental Activities		
Noncurrent Liabilities	<u>-</u>	<u>20,000</u>
	<u>\$ 2,333,770</u>	<u>\$ 3,020,000</u>

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

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Contributions/ Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	\$ 286,438	\$ 88,470	\$ 1,314,668
2021	276,767	-	1,312,131
2020	194,434	192,220	1,309,509

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2022, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2021 is \$12.0 billion and the plan fiduciary net position as a percentage of the total pension liability is 70.33%. The collective net pension liability of the State funded TPAF at June 30, 2021 is \$48.2 billion and the plan fiduciary net position as a percentage of total pension liability is 35.52%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2022.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2022 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2022, 2021 and 2020 were equal to the required contributions.

During the fiscal years ended June 30, 2022, 2021 and 2020 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2022	\$ 2,771,769	\$ 22,014,444	\$ 20,042
2021	2,556,766	15,767,415	13,866
2020	2,199,678	11,592,984	8,199

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2022, 2021 and 2020 the District contributed \$0, \$0 and \$8,992, respectively for PERS and the State contributed \$9,832, \$10,786 and \$11,114, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$4,398,726 during the fiscal year ended June 30, 2022 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2020 through June 30, 2021. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2021 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022, the District reported in the statement of net position (accrual basis) a liability of \$28,038,002 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2021. At June 30, 2021, the District's proportionate share was 0.23668 percent, which was an increase of 0.00297 percent from its proportionate share measured as of June 30, 2020 of 0.23371 percent.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$3,254,668 for PERS. The pension contribution made by the District during the current 2021/2022 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2022 with a measurement date of the prior fiscal year end of June 30, 2021. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2022 for contributions made subsequent to the measurement date. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 442,195	\$ 200,719
Changes of Assumptions	146,022	9,981,710
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		7,385,946
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>2,206,506</u>	<u>457,032</u>
Total	<u>\$ 2,794,723</u>	<u>\$ 18,025,407</u>

At June 30, 2022, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2023	\$ (5,703,196)
2024	(4,550,812)
2025	(2,746,872)
2026	(2,241,391)
2027	11,587
Thereafter	<u>-</u>
	<u>\$ (15,230,684)</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

Mortality Rates

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for PERS 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 in determining the total pension liability.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 38,182,073</u>	<u>\$ 28,038,002</u>	<u>\$ 19,429,320</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2021. A sensitivity analysis specific to the District's net pension liability at June 30, 2021 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2020 through June 30, 2021. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2021, the State's pension contribution was less than the actuarial determined amount.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

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

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,021,424 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2022 the State's proportionate share of the net pension liability attributable to the District is \$255,899,338. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2021. At June 30, 2021, the State's share of the net pension liability attributable to the District was .53229 percent, which was an increase of .01306 percent from its proportionate share measured as of June 30, 2020 of .51923 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Mortality Rates

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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability for TPAF 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 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 in determining the total pension liability.

Sensitivity of Net Pension Liability

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 302,771,661</u>	<u>\$ 255,899,338</u>	<u>\$ 216,529,532</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2021. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2021 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Description and Benefits Provided

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

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

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

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2020:

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

Measurement Focus and Basis of Accounting

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2021 is \$60.0 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the June 30, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2021.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2022, 2021 and 2020 were \$5,143,464, \$4,941,263 and \$4,300,785, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2020 through June 30, 2021. Nonemployer allocation percentages have been rounded for presentation purposes.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$21,503,466. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2022 the State’s proportionate share of the OPEB liability attributable to the District is \$295,702,260. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, the state’s share of the OPEB liability attributable to the District was .49277 percent, which was a decrease of .00421 percent from its proportionate share measured as of June 30, 2020 of .49698 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 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	2.50%	
Salary Increases*	<u>PERS</u>	<u>TPAF</u>
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.55% to 4.45%
Rate Thereafter	3.00% to 7.00%	2.75% to 5.65%

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

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) 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 disables retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) 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 the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2022 (measurement date June 30, 2021) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2020 Measurement Date	\$ 337,001,889
Changes Recognized for the Fiscal Year:	
Service Cost	18,762,396
Interest on the Total OPEB Liability	7,670,826
Changes of Benefit Terms	(314,747)
Differences Between Expected and Actual Experience	(61,863,463)
Changes of Assumptions	291,732
Gross Benefit Payments	(6,042,470)
Contributions from the Member	196,097
Net Changes	<u>\$ (41,299,629)</u>
Balance, June 30, 2021 Measurement Date	<u>\$ 295,702,260</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.16%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 354,204,887	\$ 295,702,260	\$ 249,634,953

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 239,371,940	\$ 295,702,260	\$ 371,349,717

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021 were not provided by the pension system.

F. Tax Abatements

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

In the State, Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that day by the Governor. The Board expects ongoing actions be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and may continue to negatively affect economic growth and financial markets worldwide. These negative impacts could reduce or negatively affect property values within the School District.

Since the pandemic began, the federal government had enacted rescue legislation to address the pandemic and alleviate its economic and health effects, including significant support for education. The legislation includes various forms of financial relief including direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. Federal aid for public education has been provided under three 5 separate laws: The Coronavirus Aid, Relief, and Economic Security Act in March 2020 (CARES Act), and the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020 (CRRSA) and the American Rescue Plan Act in March 2021 (ARP). The Elementary and Secondary School Emergency Relief (ESSER) Fund is the main source of funding for public elementary and secondary education under each law. The School District has been awarded up to \$10,965,890 to address certain expenses incurred as a result of the pandemic. Because of the evolving nature of the outbreak and federal, state and local responses, the Board cannot predict how the outbreak will impact the financial condition or operations of the Board, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The School District cannot predict costs associated with this or any other potential infectious disease outbreak including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. To date the School District has not been materially and adversely affected financially due to the virus.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 148,096,382		\$ 148,096,382	\$ 148,096,382	
Interest- Capital Reserve	1,500		1,500	4,518	\$ 3,018
Interest- Maintenance Reserve	500		500	1,762	1,262
Interest - Unemployment Account				2,537	2,537
Tuition - Other Sources	75,000		75,000	196,376	121,376
Miscellaneous	350,000	-	350,000	672,765	322,765
Total - Local Sources	148,523,382	-	148,523,382	148,974,340	450,958
State Sources					
Special Education Aid	6,733,247		6,733,247	6,733,247	-
Equalization Aid	5,706,043		5,706,043	5,706,043	-
Security Aid	1,581,446		1,581,446	1,581,446	-
Transportation Aid	1,634,154		1,634,154	1,634,154	-
Extraordinary Aid	1,531,014		1,531,014	2,110,654	579,640
Additional Nonpublic Transportation Aid				211,990	211,990
On-Behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Cost & Accrued Liab.				21,708,172	21,708,172
Non-Contributory Insurance				306,272	306,272
Long Term Disability Insurance				9,832	9,832
Post-Retirement Medical Contributions				5,143,464	5,143,464
Reimbursed TPAF Soc. Sec. Contr. (Non-budgeted)	-	-	-	4,398,726	4,398,726
Total - State Sources	17,185,904	-	17,185,904	49,544,000	32,358,096
Federal Sources					
Medicaid Reimbursement	296,019	-	296,019	326,555	30,536
Total-Federal Sources	296,019	-	296,019	326,555	30,536
Total Revenues	166,005,305	-	166,005,305	198,844,895	32,839,590
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,829,969	\$ (124,286)	1,705,683	1,705,635	48
Grades 1-5	10,617,146	1,038,240	11,655,386	11,654,793	593
Grades 6-8	8,065,878	1,134,777	9,200,655	9,200,624	31
Grades 9-12	10,903,568	(17,313)	10,886,255	10,885,794	461
Home Instruction					
Salaries of Teachers	30,000	121,000	151,000	150,144	856
Other Salaries for Instruction	35,000	(5,770)	29,230	24,894	4,336
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	1,176,727	355,534	1,532,261	1,515,339	16,922
Purchased Technical Services	139,204	13,643	152,847	152,367	480
Other Purchased Services	1,506,839	798,263	2,305,102	1,169,061	1,136,041
General Supplies	988,639	55,072	1,043,711	954,863	88,848
Textbooks	105,009	(39,039)	65,970	63,385	2,585
Other Objects	18,430	(8,303)	10,127	10,029	98
Total Regular Programs	35,416,409	3,321,818	38,738,227	37,486,928	1,251,299
Special Education					
Cognitive-Moderate					
Salaries of Teachers	147,282	(140,000)	7,282	6,345	937
Other Salaries of Instruction	130,990	(78,000)	52,990	52,138	852
Other Purchased Services	15,300	(15,300)			-
General Supplies	8,000	(8,000)			-
Other Objects	-	1,040	1,040	860	180
Total Cognitive-Moderate	301,572	(240,260)	61,312	59,343	1,969

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 1,490,203	\$ (271,302)	\$ 1,218,901	\$ 1,218,287	\$ 614
Other Salaries for Instruction	559,387	136,955	696,342	696,098	244
General Supplies	24,410	7,308	31,718	31,058	660
Total Learning and/or Language Disabilities	2,074,000	(127,039)	1,946,961	1,945,443	1,518
Behavioral Disabilities					
Salaries of Teachers	64,900	1,746	66,646	66,646	-
Other Salaries for Instruction	75,608	(51,846)	23,762	23,240	522
Unused Vacation Payment to Terminated/Retired Staff	2,000	(1,954)	46	46	-
Total Behavioral Disabilities	142,508	(52,054)	90,454	89,932	522
Resource Room/Resource Center					
Salaries of Teachers	6,592,829	(661,064)	5,931,765	5,869,019	62,746
Other Salaries for Instruction	729,861	155,503	885,364	822,765	62,599
General Supplies	28,209	3,542	31,751	31,656	95
Total Resource Room/Resource Center	7,350,899	(502,019)	6,848,880	6,723,440	125,440
Autism					
Salaries of Teachers	796,254	234,599	1,030,853	1,030,493	360
Other Salaries for Instruction	1,190,741	(300,993)	889,748	889,395	353
General Supplies	10,750	152,375	163,125	160,938	2,187
Total Autism	1,997,745	85,981	2,083,726	2,080,826	2,900
Preschool Disabilities - Full-Time					
Salaries of Teachers	834,661	21,069	855,730	855,599	131
Other Salaries for Instruction	322,912	223,429	546,341	544,593	1,748
General Supplies	15,000	(7,500)	7,500	7,449	51
Total Preschool Disabilities - Full-Time	1,172,573	236,998	1,409,571	1,407,641	1,930
Home Instruction					
Salaries of Teachers		35,214	35,214	35,077	137
Purchased Professional-Educational Services	30,000	(19,237)	10,763	7,036	3,727
Total Home Instruction	30,000	15,977	45,977	42,113	3,864
Total Special Education	13,069,297	(582,416)	12,486,881	12,348,738	138,143
Basic Skills/Remedial - Instruction					
Salaries of Teachers	2,439,806	(331,340)	2,108,466	2,108,154	312
Unused Vacation Payment to Terminated/Retired Staff	5,600	(1,469)	4,131	3,971	160
Total Basic Skills/Remedial - Instruction	2,445,406	(332,809)	2,112,597	2,112,125	472
Bilingual Education - Instruction					
Salaries of Teachers	2,759,741	(46,777)	2,712,964	2,711,331	1,633
Other Salaries for Instruction	25,000	(24,000)	1,000		1,000
General Supplies	54,517	(4,312)	50,205	34,597	15,608
Textbooks	3,300	(285)	3,015	3,015	-
Total Bilingual Education - Instruction	2,842,558	(75,374)	2,767,184	2,748,943	18,241
School Sponsored Co/Extra Curricular Activities					
Salaries	505,205	(4,200)	501,005	500,039	966
Purchased Services	17,300	(9,631)	7,669	5,869	1,800
Supplies and Materials	16,536	(2,553)	13,983	9,419	4,564
Other Objects	63,772	(34,206)	29,566	29,022	544
Total School Sponsored Co/Extra Curricular Activities	602,813	(50,590)	552,223	544,349	7,874

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Athletics					
Salaries	\$ 829,011	\$ 13,800	\$ 842,811	\$ 842,509	\$ 302
Purchased Services	40,700	(40,000)	700	700	700
Supplies and Materials	76,754	4,287	81,041	77,802	3,239
Other Objects	154,146	(52,942)	101,204	83,450	17,754
Total School Sponsored Athletics	1,100,611	(74,855)	1,025,756	1,003,761	21,995
Alternative Education Programs- Instruction					
Salaries of Teachers	294,072	28,100	322,172	322,132	40
Other Salaries for Instruction	2,580	-	2,580	2,580	2,580
Purchased Professional and Technical Services	4,650	-	4,650	3,900	750
General Supplies	2,500	(624)	1,876	535	1,341
Total Alternative Education Programs- Instruction	303,802	27,476	331,278	326,567	4,711
Alternative Education Programs- Support Services					
Salaries	230,806	(109,999)	120,807	118,567	2,240
Purchased Professional and Technical Services	600	-	600	600	600
Supplies and Materials	1,000	624	1,624	1,425	199
Total Alternative Education Programs- Support Services	232,406	(109,375)	123,031	119,992	3,039
Total - Instruction	56,013,302	2,123,875	58,137,177	56,691,403	1,445,774
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular	307,500	140,800	448,300	211,906	236,394
Tuition to Other LEAs Within State-Special	2,495,015	207,057	2,702,072	2,724,528	(22,456)
Tuition to County Vocational School Districts-Reg.	228,225	(129,000)	99,225	98,600	625
Tuition to County Vocational School Districts-Spec.	108,173	(63,500)	44,673	43,500	1,173
Tuition to County Spec. Svcs. Districts & Reg. Day	158,146	58,201	216,347	211,343	5,004
Tuition to Private Schools for the Disabled W/in State	4,638,415	(905,571)	3,732,844	3,349,659	383,185
Tuition to Private Schools Disabled and Other LEA's, Spl, O/S	170,190	(4,000)	166,190	165,373	817
Tuition - State Facilities	142,369	(4,195)	138,174	137,937	237
Tuition-Other	402,309	(121,643)	280,666	279,708	958
Total Undistributed Expenditures - Instruction	8,650,342	(821,851)	7,828,491	7,222,554	605,937
Attendance and Social Work Services					
Salaries	122,763	-	122,763	113,957	8,806
Total Attendance and Social Work Services	122,763	-	122,763	113,957	8,806
Health Services					
Salaries	1,405,330	(130,400)	1,274,930	1,274,886	44
Purchased Professional and Technical Svcs.	7,193	11,321	18,514	20,682	(2,168)
Other Purchased Services	1,080	-	1,080	990	90
Supplies and Materials	46,252	(6,502)	39,750	39,553	197
Total Health Services	1,459,855	(125,581)	1,334,274	1,336,111	(1,837)
Speech, OT, PT & Related Services					
Salaries	981,384	(35,000)	946,384	893,221	53,163
Purchased Professional- Educational Services	1,256,827	1,470,128	2,726,955	2,624,870	102,085
Supplies and Materials	8,600	7,036	15,636	15,069	567
Total Speech, OT, PT & Related Services	2,246,811	1,442,164	3,688,975	3,533,160	155,815
Other Support Services- Students Extra Service					
Salaries	632,735	361,196	993,931	993,799	132
Purchased Professional Ed. Services	1,759,000	232,208	1,991,208	2,021,407	(30,199)
Other Objects	10,000	(10,000)	-	-	-
Total Other Support Services- Students Extra Service	2,401,735	583,404	2,985,139	3,015,206	(30,067)

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 2,213,852	\$ (248,776)	\$ 1,965,076	\$ 1,910,062	\$ 55,014
Salaries of Secretarial and Clerical Assistants	378,245	(50,000)	328,245	321,699	6,546
Purchased Professional and Ed. Svcs.	538,339	(177,114)	361,225	322,275	38,950
Other Purch. Prof & Tech Svc.	6,000	2,561	8,561		8,561
Other Purchased Services	6,360	300	6,660	2,967	3,693
Supplies and Materials	37,631	2,565	40,196	27,491	12,705
Other Objects	44,232	(298)	43,934	25,870	18,064
Total Guidance	3,224,659	(470,762)	2,753,897	2,610,364	143,533
Child Study Teams					
Salaries of Other Professional Staff	2,849,553	(292,472)	2,557,081	2,419,798	137,283
Salaries of Secretarial and Clerical Assistants	362,643	5,346	367,989	338,127	29,862
Other Salaries	2,000	32,604	34,604	34,604	-
Purchased Professional-Educational Services	134,640	139,309	273,949	238,584	35,365
Other Purchased Professional & Technical Svcs.	40,000	13,514	53,514	53,406	108
Other Purchased Services	13,880	(7,209)	6,671	4,780	1,891
Supplies and Materials	23,380	10,282	33,662	33,401	261
Other Objects	25,614	(2,349)	23,265	23,099	166
Total Child Study Teams	3,451,710	(100,975)	3,350,735	3,145,799	204,936
Impvt. of Instruction Services-Other Support Services					
Salaries of Supervisors of Instruction	1,548,965	156,875	1,705,840	1,705,571	269
Salaries of Other Professional Staff	127,065	28,901	155,966	155,805	161
Salaries of Sec. and Clerical Assist.	287,229	(7,026)	280,203	280,079	124
Other Salaries	76,294	(35,702)	40,592	40,491	101
Salaries of Facilitators, Math & Literacy Coaches	1,835,387	(211,502)	1,623,885	1,622,931	954
Purchased Professional & Technical Svcs.	22,050	2,167	24,217	24,217	-
Other Purchased Services	33,925	(20,604)	13,321	9,795	3,526
Supplies and Materials	14,337	(2,675)	11,662	10,447	1,215
Other Objects	26,649	(7,540)	19,109	18,188	921
Total Impvt. of Instruction Svcs./Other Support Svcs.- Instructional Staff	3,971,901	(97,106)	3,874,795	3,867,524	7,271
Educational Media Services/School Library					
Salaries	527,072	55,606	582,678	567,520	15,158
Purchased Professional & Technical Svcs.	200,000	(190,000)	10,000	7,858	2,142
Supplies and Materials	114,712	2,326	117,038	112,390	4,648
Total Educational Media Services/School Library	841,784	(132,068)	709,716	687,768	21,948
Instructional Staff Training Services					
Salaries of Other Professional Staff	11,186	18,736	29,922	29,492	430
Purchased Professional - Educational Services	149,910	(39,588)	110,322	105,877	4,445
Other Purchased Services	3,000	(1,300)	1,700	695	1,005
Supplies and Materials	47,130	(26,271)	20,859	19,085	1,774
Other Objects	33,750	(286)	33,464	29,385	4,079
Total Instructional Staff Training Services	244,976	(48,709)	196,267	184,534	11,733
Support Svcs. General Administration					
Salaries	759,099	169,020	928,119	827,871	100,248
Legal Services	291,800	(221,300)	70,500	165,190	(94,690)
Audit Fees	75,000	5,000	80,000	74,663	5,337
Architectural/Engineering Services	55,000	(32,000)	23,000	11,500	11,500
Other Purchased Professional Svcs.	67,740	(32,240)	35,500	35,500	-
Purchased Technical Services	181,687	8,709	190,396	147,552	42,844
Communications/Telephone	519,359	(27,733)	491,626	515,389	(23,763)
BOE Other Purchased Services	8,500	-	8,500	6,608	1,892
Misc. Purchased Services	192,432	(50,000)	142,432	141,468	964
General Supplies	8,900	-	8,900	2,144	6,756
BOE In House Training/ Meeting Supplies	5,000	2,561	7,561	4,525	3,036
Judgments Against the School District	25,000	(20,000)	5,000		5,000
Miscellaneous Expenditures	3,845	2,000	5,845	4,063	1,782
BOE Membership Dues and Fees	45,000	(9,930)	35,070	34,768	302
Total Support Services General Administration	2,238,362	(205,913)	2,032,449	1,971,241	61,208

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 3,031,270	\$ 10,991	\$ 3,042,261	\$ 3,039,609	\$ 2,652
Salaries of Other Professional Staff	911,456	14,501	925,957	925,871	86
Salaries of Secretarial and Clerical Assistants	1,905,122	(155,491)	1,749,631	1,749,552	79
Other Salaries		21,872	21,872	19,830	2,042
Purchased Professional and Technical Services	9,450	(9,000)	450		450
Other Purchased Services	11,389	(5,950)	5,439	488	4,951
Supplies and Materials	83,028	9,379	92,407	79,859	12,548
Other Objects	19,550	-	19,550	19,435	115
Total Support Services School Adm.	5,971,265	(113,698)	5,857,567	5,834,644	22,923
Central Services					
Salaries	1,384,415	61,549	1,445,964	1,445,386	578
Purchased Professional Services	5,000	(4,925)	75	75	-
Purchased Technical Services	26,297	123,960	150,257	147,249	3,008
Miscellaneous Purchased Services	47,255	(11,175)	36,080	24,937	11,143
Supplies and Materials	35,480	16,058	51,538	48,423	3,115
Miscellaneous Expenditures	19,325	2,100	21,425	20,125	1,300
Total Central Services	1,517,772	187,567	1,705,339	1,686,195	19,144
Admin. Info. Technology					
Salaries	885,328	(322,001)	563,327	559,622	3,705
Purchased Technical Services	67,782	92,224	160,006	158,993	1,013
Other Purchased Services	23,699	1,774	25,473	23,617	1,856
Supplies and Materials	673	105,856	106,529	104,794	1,735
Total Admin. Info. Technology	977,482	(122,147)	855,335	847,026	8,309
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	640,024	(6,824)	633,200	535,412	97,788
General Supplies	448,223	3,910	452,133	450,361	1,772
Other Objects	23,405	-	23,405	22,997	408
Total Required Maintenance for School Facilities	1,111,652	(2,914)	1,108,738	1,008,770	99,968
Custodial Services					
Salaries	4,934,492	307,754	5,242,246	5,242,010	236
Salaries of Non-Instructional Aides	2,500	6,000	8,500	7,718	782
Purchased Professional and Technical Services	14,617	(7,700)	6,917	6,820	97
Cleaning, Repair and Maintenance Services	263,195	(52,994)	210,201	210,069	132
Other Purchased Property Services	249,968	(4,118)	245,850	242,496	3,354
Insurance	710,865	(9,841)	701,024	700,337	687
General Supplies	105,561	75,754	181,315	179,045	2,270
Energy (Natural Gas)	740,617	(127,000)	613,617	613,421	196
Energy (Electricity)	1,603,233	125,000	1,728,233	1,727,285	948
Energy (Gasoline)	9,672	7,500	17,172	19,278	(2,106)
Other Objects	1,451	400	1,851	1,848	3
Interest- Energy Savings Impr Prog Bonds	167,017	1	167,018	167,018	-
Principal- Energy Savings Impr Prog Bonds	298,001	(1)	298,000	298,000	-
Total Custodial Services	9,101,189	320,755	9,421,944	9,415,345	6,599
Care & Upkeep of Grounds					
Salaries	596,711	(1,400)	595,311	594,914	397
Cleaning, Repair and Maintenance Services	81,535	(5,500)	76,035	75,631	404
General Supplies	60,144	42,308	102,452	101,508	944
Total Care & Upkeep of Grounds	738,390	35,408	773,798	772,053	1,745
Security					
Salaries	1,932,275	67,001	1,999,276	1,997,677	1,599
Purchased Professional and Technical Services	1,099,678	(162,000)	937,678	936,870	808
Cleaning, Repair and Maintenance Services	20,500	(3,000)	17,500	16,898	602
General Supplies	19,998	(6,517)	13,481	9,111	4,370
Total Security	3,072,451	(104,516)	2,967,935	2,960,556	7,379

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 72,559	\$ 39,537	\$ 112,096	\$ 110,563	\$ 1,533
Salaries for Pupil Transportation (Between Home and School) - Regular	200,703	(12,200)	188,503	188,414	89
Salaries for Pupil Transportation (Between Home and School) - Special Educ.	384,682	(31,837)	352,845	345,502	7,343
Management Fee- ESC & CTSA Trans. Program	209,496	(166,000)	43,496	109,189	(65,693)
Other Purchased Prof. and Technical Serv.	648,059	(630,579)	17,480	254,613	(237,133)
Cleaning Repair and Maintenance Svcs.	228,011	(39,999)	188,012	248,806	(60,794)
Contracted Services (Between Home and School) - Vendors	3,939,182	1,571,745	5,510,927	5,507,516	3,411
Contracted Services (Other Than Between Home and School) - Vendors	658,619	(404,547)	254,072	209,569	44,503
Contracted Services (Between Home & School) Joint Agr.	32,640	-	32,640	23,000	9,640
Contracted Services (Special Ed. Students) Vendors	2,797,735	398,084	3,195,819	3,195,482	337
Contracted Services (Reg. Students)-ESCs & CTSA	1,237,297	(471,167)	766,130	765,607	523
Contracted Services (Spl. Ed. Students)-ESCs & CTSA	2,890,638	(1,227,000)	1,663,638	2,694,378	(1,030,740)
Contracted Service- Aid in Lieu Payments-Nonpub	872,100	(237,343)	634,757	633,280	1,477
Contracted Service- Aid in Lieu Payments-Charter	43,869	(17,682)	26,187	25,298	889
Misc. Purchased Svcs. - Transportation	1,732	(1)	1,731	437	1,294
General Supplies	4,582	8	4,590	1,159	3,431
Other Objects	1,836	-	1,836	750	1,086
Total Student Transportation Svcs.	14,223,740	(1,228,981)	12,994,759	14,313,563	(1,318,804)
Unallocated Benefits- Employee Benefits					
Group Insurance	1,200	(1,200)	-	-	-
Social Security Contribution	1,904,640	(342,000)	1,562,640	1,656,794	(94,154)
Other Retirement Contributions-Regular (DCRP)	40,000	(19,000)	21,000	20,042	958
Other Retirement Contributions- PERS	2,834,494	(62,700)	2,771,794	2,771,769	25
Workers Compensation	964,937	(122,000)	842,937	842,478	459
Health Benefits	21,929,927	1,205,455	23,135,382	22,469,057	666,325
Tuition Reimbursement	108,500	(17,500)	91,000	90,815	185
Other Employee Benefits	67,000	(16,000)	51,000	44,874	6,126
Unused Sick Payment to Terminated/Retired Staff	-	1,680	1,680	1,680	-
Total Unallocated Benefits- Employee Benefits	27,850,698	626,735	28,477,433	27,897,509	579,924
On-behalf TPAF Pension System Contri. (Non-Budgeted)					
Normal Cost and Accrued Liability				21,708,172	(21,708,172)
Non-Contributory Insurance				306,272	(306,272)
Long Term Disability Insurance				9,832	(9,832)
Post-Retirement Medical Contributions				5,143,464	(5,143,464)
On-behalf Reimbursed TPAF Social Security (Non-budgeted)	-	-	-	4,398,726	(4,398,726)
Total On-Behalf TPAF Contributions	-	-	-	31,566,466	(31,566,466)
Total Undistributed Expenditures	93,419,537	(379,188)	93,040,349	123,990,345	(30,949,996)
Interest Earned on Maintenance Reserve	500	(500)	-	-	-
Total Current Expenditures	149,433,339	1,744,187	151,177,526	180,681,748	(29,504,222)
CAPITAL OUTLAY					
Equipment					
Special Education - Instruction					
Learning and/or Language Disabilities	15,000	-	15,000	13,070	1,930
School-Sponsored and Other Instructional Programs	4,750	-	4,750	4,750	-
Undistributed Expenditures					
School Admin		14,734	14,734	14,300	434
Admin. Info. Tech.		12,826	12,826	12,391	435
Required Maintenance		34,900	34,900	34,000	900
Care and Upkeep of Grounds	6,820	120,997	127,817	71,737	56,080
Security	-	1,749	1,749	-	1,749
Total Equipment	26,570	185,206	211,776	150,248	61,528

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	\$ 166,967	-	\$ 166,967	\$ 166,967	-
Total Facilities Acquisition and Construction Services	166,967	-	166,967	166,967	-
Interest Deposit to Capital Reserve	1,500	\$ (1,500)	-	-	-
Total Capital Outlay	195,037	183,706	378,743	317,215	\$ 61,528
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Transfer of Funds to Charter Schools	18,576,955	233,426	18,810,381	18,809,968	413
Total Transfer of Funds to Charter Schools	18,576,955	233,426	18,810,381	18,809,968	413
Total Expenditures	168,205,331	2,161,319	170,366,650	199,808,931	(29,442,281)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,200,026)	(2,161,319)	(4,361,345)	(964,036)	3,397,309
OTHER FINANCING SOURCES/(USES)					
Transfer In				416,085	416,085
Transfer to Capital Projects Fund (Capital Reserve)	(3,600,000)	-	(3,600,000)	(3,600,000)	-
Other Financing Agreement Proceeds				1,141,680	1,141,680
Transfer To Special Revenue Fund	(282,920)	282,920	-	-	-
Total Other Financing Sources/(Uses)	(3,882,920)	282,920	(3,600,000)	(2,042,235)	1,557,765
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(6,082,946)	(1,878,399)	(7,961,345)	(3,006,271)	4,955,074
Fund Balances, July 1, 2021	28,238,150	-	28,238,150	28,238,150	-
Fund Balances, June 30, 2022	\$ 22,155,204	\$ (1,878,399)	\$ 20,276,805	\$ 25,231,879	\$ 4,955,074
Recapitulation :					
Restricted					
Excess Surplus (2023/24 Budget)				\$ 1,502,825	
Excess Surplus - Designated for Subsequent Year's Budget (2022/23)				2,433,214	
Capital Reserve				3,949,020	
Capital Reserve- Designated for Subsequent Year's Budget (2022/23)				3,800,000	
Maintenance Reserve				2,035,331	
Emergency Reserve				1,000,000	
Unemployment Compensation Reserve				1,314,668	
Assigned					
Encumbrances				1,577,160	
Unassigned				7,619,661	
Fund Balance (Budgetary Basis)				25,231,879	
Less: 2021/2022 State Aid Payments Not Recognized on GAAP Basis				(3,584,550)	
Fund Balance (GAAP Basis)				\$ 21,647,329	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Adjustments	Final Budget	Actual	Variance- Final Budget to Actual
REVENUES					
Intergovernmental					
State	\$ 8,608,928	\$ 369,339	\$ 8,978,267	\$ 5,258,701	\$ (3,719,566)
Federal	2,214,591	12,444,648	14,659,239	6,447,586	(8,211,653)
Local Sources					
Miscellaneous	5,000	195,050	200,050	425,278	225,228
Total Revenues	10,828,519	13,009,037	23,837,556	12,131,565	(11,705,991)
EXPENDITURES					
Instruction					
Salaries of Teachers	3,046,760	1,506,381	4,553,141	2,298,394	2,254,747
Salaries of Other Professional Staff	298,231	1,320,748	1,618,979	534,468	1,084,511
Other Salaries for Instruction	906,500	131,392	1,037,892	590,776	447,116
Other Salaries	205,666	881,233	1,086,899	431,820	655,079
Purchased Technical Services	4,715	251,657	256,372	194,950	61,422
Purchased Prof and Technical Services	180,686	(119,108)	61,578	55,861	5,717
Purchased Professional/Educational Services	253,336	99,341	352,677	264,097	88,580
Other Purchased Services	881,317	850,164	1,731,481	1,494,216	237,265
General Supplies	427,148	779,102	1,206,250	482,588	723,662
Textbooks	66,517	1,125	67,642	67,642	-
School Sponsored Co/Estra Curricular Activities and Athletics		-		291,957	(291,957)
Other Objects	7,331	(2,506)	4,825	-	4,825
Total Instruction	6,278,207	5,699,529	11,977,736	6,706,769	5,270,967
Support Services					
Salaries of Teachers	710,361	(480,735)	229,626	32,218	197,408
Salaries of Supervisors of Instruction	137,500	(1,054)	136,446	135,521	925
Salaries of Program Directors	22,525	5,781	28,306	28,306	-
Salaries of Other Professional Staff	22,685	264,319	287,004	26,198	260,806
Salaries of Secretarial and Clerical Asst.	144,611	(4,550)	140,061	53,951	86,110
Other Salaries	17,804	93,314	111,118	67,889	43,229
Salaries of Master Teachers	244,620	(1,000)	243,620	106,822	136,798
Personal Services-Employee Benefits	1,808,841	449,023	2,257,864	274,399	1,983,465
Purchased Professional/Educational Services	628,195	(42,449)	585,746	555,855	29,891
Purchased Professional & Technical Services	87,040	2,658,721	2,745,761	1,348,901	1,396,860
Other Purchased Professional- Educational Services	112,785	154,080	266,865	215,645	51,220
Other Purchased Professional Services	93,000	33,000	126,000	125,500	500
Contracted Services-Transportation	601,700	158,829	760,529	735,673	24,856
Other Purchased Services	20,649	876,334	896,983	78,893	818,090
Supplies and Materials	99,888	1,264,497	1,364,385	575,030	789,355
Other Objects	49,303	(36,783)	12,520	2,520	10,000
Total Support Services	4,801,507	5,391,327	10,192,834	4,363,321	5,829,513
Facilities Acquisition and Construction					
Non-Instructional Equipment	31,725	1,635,261	1,666,986	1,026,366	640,620
Total Facilities Acq. & Construction	31,725	1,635,261	1,666,986	1,026,366	640,620
Total Expenditures	11,111,439	12,726,117	23,837,556	12,096,456	11,741,100
Other Financing Sources					
Transfer In - General Fund	282,920	(282,920)			
Transfer Out - General Fund	-	-	-	(1,375)	(1,375)
Total Other Financing Sources	282,920	(282,920)	-	(1,375)	(1,375)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources	-	-	-	33,734	33,734
Fund Balances, July 1, 2021	242,938	-	242,938	242,938	-
Fund Balances, June 30, 2022	\$ 242,938	\$ -	\$ 242,938	\$ 276,672	\$ 33,734

Recapitulation of Fund Balance:
Restricted
Student Activities \$ 276,672

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual revenues (budgetary basis)	\$ 198,844,895	\$ 12,131,565
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2021		146,370
Encumbrances, June 30, 2022		(998,525)
State Aid Payments recognized for GAAP purposes not recognized for Budgetary statements (2020/2021 State Aid)	3,255,361	589,826
State Aid Payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year (2021/2022 State Aid)	<u>(3,584,550)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 198,515,706</u>	<u>\$ 11,869,236</u>
Uses/outflows of resources		
Actual expenditures (budgetary basis)	\$ 199,808,931	\$ 12,096,456
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2021		146,370
Encumbrances, June 30, 2022	<u>-</u>	<u>(998,525)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 199,808,931</u>	<u>\$ 11,244,301</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POSTEMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.23668%	0.23371%	0.22614%	0.23090%	0.22235%	.21796%	.22744%	.22739%	.22238%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 28,038,002</u>	<u>\$ 38,113,383</u>	<u>\$ 40,746,829</u>	<u>\$ 45,462,208</u>	<u>\$ 51,759,670</u>	<u>\$ 64,552,218</u>	<u>\$ 51,054,809</u>	<u>\$ 42,572,869</u>	<u>\$ 42,502,178</u>
District's Covered Payroll	<u>\$ 15,180,586</u>	<u>\$ 17,124,714</u>	<u>\$ 16,458,036</u>	<u>\$ 15,942,681</u>	<u>\$ 15,947,892</u>	<u>\$ 15,140,829</u>	<u>\$ 15,066,990</u>	<u>\$ 15,250,010</u>	<u>\$ 15,284,217</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	185%	223%	248%	285%	325%	426%	339%	279%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Nine Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,771,769	\$ 2,556,766	\$ 2,199,678	\$ 2,296,666	\$ 2,059,841	\$ 1,936,287	\$ 1,955,339	\$ 1,874,537	\$ 1,675,625
Contributions in Relation to the Contractually Required Contribution	<u>2,771,769</u>	<u>2,556,766</u>	<u>2,199,678</u>	<u>2,296,666</u>	<u>2,059,841</u>	<u>1,936,287</u>	<u>1,955,339</u>	<u>1,874,537</u>	<u>1,675,625</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	<u>\$ 16,774,327</u>	<u>\$ 15,180,586</u>	<u>\$ 17,124,714</u>	<u>\$ 16,458,036</u>	<u>\$ 15,942,681</u>	<u>\$ 15,947,892</u>	<u>\$ 15,140,829</u>	<u>\$ 15,066,990</u>	<u>\$ 15,284,217</u>
Contributions as a Percentage of Covered Payroll	17%	17%	13%	14%	13%	12%	13%	12%	11%

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

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

Teachers Pension and Annuity Fund

Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 255,899,338</u>	<u>\$ 341,911,185</u>	<u>\$ 323,508,309</u>	<u>\$ 339,405,337</u>	<u>\$ 348,623,835</u>	<u>\$ 405,403,933</u>	<u>\$ 334,421,129</u>	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
Total	<u>\$ 255,899,338</u>	<u>\$ 341,911,185</u>	<u>\$ 323,508,309</u>	<u>\$ 339,405,337</u>	<u>\$ 348,623,835</u>	<u>\$ 405,403,933</u>	<u>\$ 334,421,129</u>	<u>\$ 279,830,750</u>	<u>\$ 276,254,711</u>
District's Covered Payroll	<u>\$ 59,887,289</u>	<u>\$ 58,118,569</u>	<u>\$ 57,232,195</u>	<u>\$ 54,724,475</u>	<u>\$ 55,248,712</u>	<u>\$ 53,372,315</u>	<u>\$ 51,907,424</u>	<u>\$ 51,889,123</u>	<u>\$ 51,771,553</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

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

Postemployment Health Benefit Plan

Last Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 18,762,396	\$ 10,087,257	\$ 9,572,781	\$ 10,648,611	\$ 12,978,426
Interest on Total OPEB Liability	7,670,826	7,431,464	8,831,577	9,413,944	8,047,596
Changes of Benefit Terms	(314,747)				
Differences Between Expected and Actual Experiences	(61,863,463)	58,552,999	(31,951,604)	(22,392,077)	
Changes of Assumptions	291,732	61,558,671	3,057,470	(25,436,444)	(33,708,575)
Gross Benefit Payments	(6,042,470)	(5,866,938)	(6,294,749)	(5,927,077)	(6,259,886)
Contribution from the Member	<u>196,097</u>	<u>177,832</u>	<u>186,584</u>	<u>204,855</u>	<u>230,505</u>
Net Change in Total OPEB Liability	(41,299,629)	131,941,285	(16,597,941)	(33,488,188)	(18,711,934)
Total OPEB Liability - Beginning of Year	<u>337,001,889</u>	<u>205,060,604</u>	<u>221,658,545</u>	<u>255,146,733</u>	<u>273,858,667</u>
Total OPEB Liability - End of Year	<u>\$ 295,702,260</u>	<u>\$ 337,001,889</u>	<u>\$ 205,060,604</u>	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
District's Proportionate Share of OPEB Liability	-	-	-	-	-
State's Proportionate Share of OPEB Liability	<u>\$ 295,702,260</u>	<u>\$ 337,001,889</u>	<u>\$ 205,060,604</u>	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
Total OPEB Liability - End of Year	<u>\$ 295,702,260</u>	<u>\$ 337,001,889</u>	<u>\$ 205,060,604</u>	<u>\$ 221,658,545</u>	<u>\$ 255,146,733</u>
District's Covered Payroll	<u>\$ 75,067,875</u>	<u>\$ 75,243,283</u>	<u>\$ 73,690,231</u>	<u>\$ 70,667,156</u>	<u>\$ 71,196,604</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%

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

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Nonpublic									Page 3 Totals	Page 2 Totals	Grand Totals
	Nursing	Technology	Textbooks	Suppl.Inst.	Compens. Education	Exam. and Class.	Corrective Speech	Security	Transportation			
REVENUES												
Intergovernmental												
State	\$ 132,160	\$ 47,334	\$ 67,642	\$ 28,519	\$ 58,227	\$ 36,022	\$ 24,798	\$ 194,950	\$ 11,498	\$ 2,867,589	\$ 4,657,551	\$ 5,258,701
Federal											3,579,997	6,447,586
Local												
Miscellaneous										327,066	98,212	425,278
Total Revenues	\$ 132,160	\$ 47,334	\$ 67,642	\$ 28,519	\$ 58,227	\$ 36,022	\$ 24,798	\$ 194,950	\$ 11,498	\$ 3,194,655	\$ 8,335,760	\$ 12,131,565
EXPENDITURES												
Instruction												
Salaries of Teachers										\$ 110,466	\$ 2,187,928	\$ 2,298,394
Salaries of Other Professional Staff										218,214	316,254	534,468
Other Salaries for Instruction										-	590,776	590,776
Other Salaries										159,712	272,108	431,820
Purchased Technical Services								\$ 194,950				194,950
Purchased Prof. and Technical Services											55,861	55,861
Purchased Prof- Educational Services		\$ 47,334		\$ 28,519	\$ 58,227	\$ 36,022	\$ 24,798		\$ 11,498		57,699	264,097
Other Purchased Services										420,381	1,073,835	1,494,216
General Supplies										235,691	246,897	482,588
Textbooks			\$ 67,642									67,642
Co-Curricular Student Activities and Athletics										291,957		291,957
Other Objects												
Total Instruction		47,334	67,642	28,519	58,227	36,022	24,798	194,950	11,498	1,436,421	4,801,358	6,706,769
Support Services												
Salaries of Teachers										29,189	3,029	32,218
Salaries of Supervisors of Instruction										-	135,521	135,521
Salaries of Program Directors										-	28,306	28,306
Salaries of Other Professional Staff										-	26,198	26,198
Salaries of Secretarial and Clerical Asst.										-	53,951	53,951
Other Salaries										-	67,889	67,889
Salaries of Master Teachers										-	106,822	106,822
Personal Services - Employee Benefits										21,139	253,260	274,399
Purchased Prof. and Educational Svcs	\$ 132,160										423,695	555,855
Other Purchased Professional- Educational Services											215,645	215,645
Other Purchased Professional Services											125,500	125,500
Purchased Prof. and Technical Svcs										1,200,226	148,675	1,348,901
Contracted Services- Transportation											735,673	735,673
Other Purchased Services										25,144	53,749	78,893
Supplies and Materials										447,427	127,603	575,030
Scholarships												
Other Objects											2,520	2,520
Total Support Services	132,160									1,723,125	2,508,036	4,363,321
Facilities Acquisition and Construction												
Services												
Non Instructional Equipment											1,026,366	1,026,366
Total Facilities Acquisition and Construction Services											1,026,366	1,026,366
Total Special Revenue Expenditures	\$ 132,160	\$ 47,334	\$ 67,642	\$ 28,519	\$ 58,227	\$ 36,022	\$ 24,798	\$ 194,950	\$ 11,498	\$ 3,159,546	\$ 8,335,760	\$ 12,096,456
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures										35,109		35,109
Other Financing Sources (Uses)												
Transfer Out - General Fund										(1,375)		(1,375)
Balance, July 1, 2021										242,938		242,938
Balance, June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,672	\$ -	\$ 276,672

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Donations		IDEA											Preschool Education Aid	Page 2 Total	
	Local Programs	CARES Emergency Relief	Perkins	IDEA Basic	IDEA Preschool	ARP IDEA Basic	ARP IDEA Preschool	ESEA Title I	ESEA Title I Reallocated	ESEA Title II A	ESEA Title III	ESEA Title III Immigrant	ESEA Title IV			
REVENUES																
Intergovernmental																
State																
Federal		\$ 96,327	\$ 14,261	\$ 1,864,587	\$ 74,824	\$ 371,882	\$ 33,869	\$ 704,282	\$ 15,513	\$ 142,854	\$ 189,897	\$ 24,197	\$ 47,504	\$ 4,657,551	\$ 4,657,551	
Local																
Miscellaneous	\$ 98,212	-	-	-	-	-	-	-	-	-	-	-	-	-	98,212	
Total Revenues	\$ 98,212	\$ 96,327	\$ 14,261	\$ 1,864,587	\$ 74,824	\$ 371,882	\$ 33,869	\$ 704,282	\$ 15,513	\$ 142,854	\$ 189,897	\$ 24,197	\$ 47,504	\$ 4,657,551	\$ 8,335,760	
EXPENDITURES																
Instruction																
Salaries of Teachers	\$ 73,423				\$ 48,867			\$ 136,378						\$ 1,929,260	\$ 2,187,928	
Salaries of Other Professional Staff								213,222	\$ 15,513		\$ 87,307	\$ 212			316,254	
Other Salaries for Instruction														590,776	590,776	
Other Salaries				\$ 264,098						\$ 5,443			\$ 2,567		272,108	
Purchased Prof. and Technical Services	15,000	\$ 512						40,349							55,861	
Purchased Prof. and Educational Services				40,287										17,412	57,699	
Purchased Professional Services- Contracted Pre-K															-	
Other Purchased Services				1,073,835											1,073,835	
General Supplies	9,789		2,200	5,538				116,763			24,012	23,985	14,837	49,773	246,897	
Textbooks															-	
Other Objects															-	
Total Instruction	98,212	-	2,712	1,383,758	48,867	-	-	506,712	15,513	5,443	111,319	24,197	17,404	2,587,221	4,801,358	
Support Services																
Salaries of Teachers			3029												3,029	
Salaries of Supervisors of Instruction														135,521	135,521	
Salaries of Program Directors										\$ 28,306					28,306	
Salaries of Other Professional Staff								26,198							26,198	
Salaries of Secretarial and Clerical Asst.				2,235										51,716	53,951	
Salaries of Non-Instructional Aides															-	
Other Salaries				67,889											67,889	
Salaries of Master Teachers														106,822	106,822	
Personal Services - Employee Benefits				4,848	25,957			89,775		15,840	11,073			105,767	253,260	
Purchased Prof- Educational Svcs				405,695							18,000				423,695	
Purchased Prof. and Technical Svcs			6,000					51,625		60,950			30,100		148,675	
Other Purchased Professional-Educational Services						\$ 162,172	\$ 33,869							19,604	215,645	
Other Purchased Professional Services														125,500	125,500	
Contracted Services- Transportation				162							38,933			696,578	735,673	
Other Purchased Services								13,379		30,958	8,390			1,022	53,749	
Supplies and Materials		\$ 96,327						16,593		1,357	2,182			11,144	127,603	
Other Objects			2,520												2,520	
Total Support Services	-	96,327	11,549	480,829	25,957	162,172	33,869	197,570	-	137,411	78,578	-	30,100	1,253,674	2,508,036	
Facilities Acquisition and Construction Services																
Non Instructional Equipment						209,710								816,656	1,026,366	
Total Facilities Acquisition and Construction Services	-	-	-	-	-	209,710	-	-	-	-	-	-	-	816,656	1,026,366	
Total Special Revenue Expenditures	\$ 98,212	\$ 96,327	\$ 14,261	\$ 1,864,587	\$ 74,824	\$ 371,882	\$ 33,869	\$ 704,282	\$ 15,513	\$ 142,854	\$ 189,897	\$ 24,197	\$ 47,504	\$ 4,657,551	\$ 8,335,760	
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance, July 1, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance, June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Coronavirus Relief Fund	Addressing Student Learning Loss Comp	CRRSA		American Rescue Plan			ACSERS Aid	Student Activity/ Athletics	Scholarship	Page 3 Total
			ESSER II	Mental Health	ESSER III	Accelerated Learning Coach	Evidence Based Comprehensive				
REVENUES											
Intergovernmental											
Federal	\$ 29,131	\$ 127,270	\$ 967,673	\$ 10,100	\$ 1,293,746	\$ 27,091	\$ 13,197	\$ 399,381			2,867,589
Local											
Miscellaneous	-	-	-	-	-	-	-	-	\$ 327,066	\$ -	327,066
Total Revenues	\$ 29,131	\$ 127,270	\$ 967,673	\$ 10,100	\$ 1,293,746	\$ 27,091	\$ 13,197	\$ 399,381	\$ 327,066	\$ -	\$ 3,194,655
EXPENDITURES											
Instruction											
Salaries of Teachers		\$ 110,336			\$ 130						\$ 110,466
Salaries of Other Professional Staff			\$ 218,214								218,214
Other Salaries for Instruction											-
Other Salaries					159,712						159,712
Purchased Prof. and Technical Services											-
Purchased Prof. and Educational Services											-
Purchased Professional Services- Contracted Pre-K											-
Other Purchased Services					21,000			\$ 399,381			420,381
General Supplies			155,127		78,694	\$ 1,870					235,691
Textbooks											-
Co-Curricular Student Activities and Athletics									\$ 291,957		291,957
Other Objects											-
Total Instruction	-	110,336	373,341	-	259,536	1,870	-	399,381	291,957	-	1,436,421
Support Services											
Salaries of Teachers		16,934						\$ 12,255			29,189
Salaries of Supervisors of Instruction											-
Salaries of Program Directors											-
Salaries of Other Professional Staff											-
Salaries of Secretarial and Clerical Asst.											-
Other Salaries for Instruction											-
Salaries of Non-Instructional Aides											-
Other Salaries											-
Salaries of Master Teachers											-
Personal Services - Employee Benefits			20,197					942			21,139
Purchased Prof. Educational Svcs											-
Purchased Prof. and Technical Svcs	\$ 29,131		527,200	\$ 3,000	640,895						1,200,226
Other Purchased Professional-Educational Services											-
Other Purchased Professional Services											-
Contracted Services- Transportation											-
Other Purchased Services			2,199			22,945					25,144
Supplies and Materials			44,736	7,100	393,315	2,276					447,427
Other Objects											-
Total Support Services	29,131	16,934	594,332	10,100	1,034,210	25,221	13,197	-	-	-	1,723,125
Facilities Acquisition and Construction											
Services											
Buildings											-
Instructional Equipment											-
Non Instructional Equipment											-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-	-	-
Total Special Revenue Expenditures	\$ 29,131	\$ 127,270	\$ 967,673	\$ 10,100	\$ 1,293,746	\$ 27,091	\$ 13,197	\$ 399,381	\$ 291,957	\$ -	\$ 3,159,546
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures	-	-	-	-	-	-	-	-	35,109	-	35,109
Other Financing Sources											
Transfer Out - General Fund										(1,375)	(1,375)
Balance, July 1, 2021	-	-	-	-	-	-	-	-	241,563	1,375	242,938
Balance, June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,672	\$ -	\$ 276,672

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Salaries of Teachers	\$ 2,984,239	\$ 1,929,260	\$ 1,054,979
Other Salaries for Instruction	1,037,892	590,776	447,116
Purchased Professional and Educational Services	50,000	17,412	32,588
General Supplies	<u>228,546</u>	<u>49,773</u>	<u>178,773</u>
Total Instruction	<u>4,300,677</u>	<u>2,587,221</u>	<u>1,713,456</u>
Support Services			
Salaries of Supervisor of Instruction	136,446	135,521	925
Salaries of Secretarial and Clerical Asst.	137,061	51,716	85,345
Salaries of Master Teachers	243,620	106,822	136,798
Personal Services - Employee Benefits	1,751,065	105,767	1,645,298
Other Purchased Professional- Educational Services	50,000	19,604	30,396
Other Purchased Professional Services	126,000	125,500	500
Contracted Services- Transportation (Between Home & School)	600,193	696,578	(96,385)
Contracted Services- Transportation (Field Trips)	13,500		13,500
Travel	20,000	1,022	18,978
General Supplies	<u>80,000</u>	<u>11,144</u>	<u>68,856</u>
Total Support Services	<u>3,157,885</u>	<u>1,253,674</u>	<u>1,904,211</u>
Facilities, Acquisition and Construction Services			
Non-Instructional Equipment	<u>890,000</u>	<u>816,656</u>	<u>73,344</u>
Total Facilities, Acquisition and Construction Services	<u>890,000</u>	<u>816,656</u>	<u>73,344</u>
Total Expenditures	<u>\$ 8,348,562</u>	<u>\$ 4,657,551</u>	<u>\$ 3,691,011</u>

SUMMARY OF LOCATION TOTALS

Total 2021-2022 Preschool Education Aid Allocation	\$ 6,068,634
Add: Budgeted Transfer from General Fund- 2021/2022 Inclusion	-
Actual Preschool Education Carryover (June 30, 2021)	<u>3,397,936</u>
Total Preschool Education Aid Funds Available for 2021-2022 Budget	9,466,570
Less: 2021-2022 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>8,348,562</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2022	1,118,008
Add: 2021-2022 Unexpended Preschool Education Aid	<u>3,691,011</u>
2021-2022 Actual Carryover - Preschool Education Aid	<u>\$ 4,809,019</u>
2021-2022 Preschool Education Aid Carryover Budgeted in 2022-2023	<u>\$ 1,656,700</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
STATEMENT OF STUDENT ACTIVITIES RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Balance, July 1, <u>2021</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2022</u>
ELEMENTARY SCHOOLS				
Franklin Park	\$ 5,798	\$ 2,434	\$ 763	\$ 7,469
Sampson G. Smith	39,428	50,074	38,957	50,545
MIDDLE SCHOOL	6,823	24,710	12,414	19,119
HIGH SCHOOL	178,477	197,155	182,383	193,249
ATHLETICS	<u>11,037</u>	<u>52,693</u>	<u>57,440</u>	<u>6,290</u>
Total	<u>\$ 241,563</u>	<u>\$ 327,066</u>	<u>\$ 291,957</u>	<u>\$ 276,672</u>

CAPITAL PROJECTS FUND

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Adjustment- SDA Grant</u>	<u>Expenditures to Date</u>		<u>Transfers</u>	<u>Balance, June 30, 2022</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Sampson G. Smith HVAC	\$ 200,120		\$ 184,889			\$ 15,231
Energy Savings Incentive Program	7,735,000		7,622,459	\$ 700		111,841
Various renovations, alterations and improvements to all district schools- 2014 Referendum	87,811,464	\$ (538,224)	84,479,102	202,030	\$ 3,000,000	(407,892)
Sampson G. Smith- Girls Locker Room	567,375		117,491			449,884
Franklin High School- Paving	70,000		32,147			37,853
Franklin Park School- Paving	46,880		22,162			24,718
Sampson G. Smith- Kitchen	908,940		879,678			29,262
Franklin High School Tennis Courts	1,098,027		919,018			179,009
FY 20 & FY 21 Various Capital Improvements	8,068,091		7,633,503	301,341		133,247
FY 22 Various Capital Improvements	<u>3,600,000</u>	<u>-</u>	<u>-</u>	<u>2,971,257</u>	<u>-</u>	<u>628,743</u>
	<u>\$ 110,105,897</u>	<u>\$ (538,224)</u>	<u>\$ 101,890,449</u>	<u>\$ 3,475,328</u>	<u>\$ 3,000,000</u>	<u>\$ 1,201,896</u>
Project Balances						\$ 1,201,896
Reserve for Payment of Lease Purchase						5,038
Debt Authorized But Not Issued						<u>(257)</u>
Fund Balance- GAAP Basis						<u>\$ 1,206,677</u>
<u>Recapitulation of Fund Balance:</u>						
Restricted						
Capital Projects						\$ 443,599
Debt Service						5,038
Committed						
Encumbrances						<u>758,040</u>
Total Fund Balance-Restricted for Capital Projects						<u>\$ 1,206,677</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Revenues and Other Financing Sources**Revenues**

Interest Earnings	\$ 890
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Other Financing Sources

Transfer from Capital Reserve	3,600,000
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Total Revenues and Other Financing Sources	<u>3,600,890</u>
--	------------------

Expenditures and Other Financing Uses**Expenditures**

Purchased Professional and Technical Services	78,900
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Construction Services	2,940,120
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Equipment	449,678
-----------	---------

Supplies	6,630
----------	-------

SDA Grant Cancelled	282,029
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Other Financing Uses

Transfer to Debt Service Fund	3,000,000
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Transfer to General Fund	<u>890</u>
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Total Expenditures and Other Financing Uses	<u>6,758,247</u>
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Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(3,157,357)
--	-------------

Fund Balance - July 1, 2021	<u>4,364,034</u>
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Fund Balance - June 30, 2022	<u>1,206,677</u>
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Analysis of Fund Balance:

Restricted for Capital Projects	\$ 443,599
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Restricted for Debt Service	5,038
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Committed- Purchases on Order	<u>758,040</u>
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	<u>\$ 1,206,677</u>
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH HVAC UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ENERGY SAVINGS INCENTIVE PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Lease Purchase Proceeds	\$ 7,535,000		\$ 7,535,000	\$ 7,535,000
Transfer from Capital Reserve	200,000	-	200,000	200,000
	<u>7,735,000</u>	<u>-</u>	<u>7,735,000</u>	<u>7,735,000</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	1,478,888		1,478,888	1,478,888
Construction Services	6,143,571	\$ 700	6,144,271	6,256,112
	<u>7,622,459</u>	<u>700</u>	<u>7,623,159</u>	<u>7,735,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	\$ 112,541	\$ (700)	\$ 111,841	\$ -

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS RENOVATIONS, ALTERATIONS AND IMPROVEMENTS TO ALL DISTRICT SCHOOLS (REFERENDUM)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 81,480,000		\$ 81,480,000	\$ 81,480,000
State Sources- SDA Grant	3,160,874	\$ (282,029)	2,878,845	2,878,845
Transfer from Capital Reserve	2,914,140	-	2,914,140	2,914,140
	<u>87,555,014</u>	<u>(282,029)</u>	<u>87,272,985</u>	<u>87,272,985</u>
EXPENDITURES AND OTHER FINANCING USES				
Salaries	51,628		51,628	
Purchased Professional and Technical Services	8,033,672	\$ 300	8,033,972	
Rentals	9,313		9,313	
Construction Services	74,141,220	195,100	74,336,320	87,272,985
Equipment	101,126		101,126	
Supplies	1,417,364	6,630	1,423,994	
Other Objects	724,781		724,781	
Transfer to Debt Service	-	3,000,000	3,000,000	-
	<u>84,479,104</u>	<u>3,202,030</u>	<u>87,681,134</u>	<u>87,272,985</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	<u>\$ 3,075,910</u>	<u>\$ (3,484,059)</u>	<u>\$ (408,149)</u>	<u>\$ -</u>

Additional Project Information:

Project Number	Various - See Below
Grant Date	Various - See Below
Bond Issue Date	2/26/2015
Bonds Issued	\$ 81,480,000
Original Authorized Cost	\$ 84,897,326
Revised Authorized Cost	\$ 87,555,014
Percentage Completion	103.3%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2020/2021

<u>Analysis of SDA Grants</u>	<u>DOE Project #</u>	<u>Grant #</u>	<u>Revised Amount</u>
Sampson G. Smith School	1610-150-14-1029	G5-6045	\$ 179,178
Pine Grove Manor School	1610-140-14-1017	G5-6356	178,762
Franklin Middle School	1610-160-14-1025	G5-6356	205,000
Sampson G. Smith School	1610-150-14-1022	G5-6355	451,804
Conerly Road School	1610-055-14-1006	G5-6350	470,290
MacAfee School	1610-115-14-1016	G5-6353	287,259
Hillcrest School	1610-100-14-1011	G5-6352	530,761
Sampson G. Smith School	1610-150-14-1021	G5-6044	217,623
Franklin Park School	1610-080-14-1010	G5-6351	37,848
Hillcrest School	1610-100-14-1013	G5-5798	320,320
			<u>\$ 2,878,845</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH- GIRLS LOCKER ROOM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL- PAVING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
FRANKLIN PARK SCHOOL- PAVING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Additional Project Information:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
SAMPSON G. SMITH-KITCHEN UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Additional Project Information:

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

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL- TENNIS COURTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Additional Project Information:

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

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS CAPITAL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Outlay	\$ 1,158,091		\$ 1,158,091	\$ 1,158,091
Transfer from Capital Reserve	<u>6,910,000</u>	-	<u>6,910,000</u>	<u>6,910,000</u>
 Total Revenues and Other Financing Sources	 <u>8,068,091</u>	 -	 <u>8,068,091</u>	 <u>8,068,091</u>
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services	230,307	\$ 46,097	276,404	372,750
Construction Services	7,403,196	79,568	7,482,764	7,695,341
Equipment	<u>-</u>	<u>175,676</u>	<u>175,676</u>	<u>-</u>
 Total Expenditures and other Financing Uses	 <u>7,633,503</u>	 <u>301,341</u>	 <u>7,934,844</u>	 <u>8,068,091</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 434,588</u>	 <u>\$ (301,341)</u>	 <u>\$ 133,247</u>	 <u>\$ -</u>

Additional Project Information:

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

Percentage Completion	98%
Original Target Completion Date	2020/2021
Revised Target Completion Date	2020/2021

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS CAPITAL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ -	\$ 3,600,000	\$ 3,600,000	\$ 3,600,000
Total Revenues and Other Financing Sources	-	3,600,000	3,600,000	3,600,000
EXPENDITURES AND OTHER FINANCING USES				
Purchased Professional and Technical Services		32,503	32,503	88,800
Construction Services		2,664,752	2,664,752	3,236,649
Equipment	-	274,002	274,002	274,551
Total Expenditures and other Financing Uses	-	2,971,257	2,971,257	3,600,000
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 628,743	\$ 628,743	\$ -

Additional Project Information:

Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 3,600,000
Revised Authorized Cost	\$ 3,600,000

Percentage Completion	83%
Original Target Completion Date	2021/22
Revised Target Completion Date	2022/23

ENTERPRISE FUNDS

EXHIBIT G-1

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2022</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds	6/25/2009	\$ 24,970,000	8/15/2022	\$ 1,335,000	5.000%	\$ 4,720,000		\$ 2,340,000	\$ 2,380,000
			8/15/2022	1,000,000	4.000%				
			8/15/2023	45,000	4.000%				
2015 School Bonds	2/10/2015	81,480,000	2/1/2023	3,985,000	3.000%	64,425,000		60,440,000	3,985,000
Refunding School Bonds	5/26/2016	8,700,000	8/15/2023	2,160,000	3.000%	8,700,000			8,700,000
			8/15/2024	2,220,000	3.000%				
			8/15/2025	2,180,000	4.000%				
			8/15/2026	2,140,000	4.000%				
Refunding School Bonds	7/7/2021	56,420,000	2/1/2023	370,000	0.420%				
			2/1/2024	4,475,000	0.653%				
			2/1/2025	4,510,000	0.940%				
			2/1/2026	4,555,000	1.090%				
			2/1/2027	4,610,000	1.348%				
			2/1/2028	4,680,000	1.498%				
			2/1/2029	4,755,000	1.623%				
			2/1/2030	4,845,000	1.723%				
			2/1/2031	4,840,000	1.823%				
			2/1/2032	4,780,000	2.003%				
			2/1/2033	4,725,000	2.103%				
			2/1/2034	4,665,000	2.223%				
			2/1/2035	4,610,000	2.323%				
					<u>\$ 77,845,000</u>	<u>\$ 56,420,000</u>	<u>\$ 62,780,000</u>	<u>\$ 71,485,000</u>	
							Paid by Budget	\$ 6,220,000	
							Refunded	<u>56,560,000</u>	
								<u>\$ 62,780,000</u>	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF CAPITAL & OTHER FINANCING AGREEMENTS
FOR THE FISCAL YEAR JUNE 30, 2022**

<u>Capital Financing Agreements</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2022</u>
ESIP	2.747%	\$ 7,534,000	\$ 6,229,000	\$ -	\$ 298,000	\$ 5,931,000
		<u>\$ 7,534,000</u>	<u>\$ 6,229,000</u>	<u>\$ -</u>	<u>\$ 298,000</u>	<u>\$ 5,931,000</u>
<u>Other Financing Agreements</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2022</u>
Chrome Books- 2019 (supplies)	2.857%	\$ 2,110,693	\$ 536,251		\$ 536,251	
MacBooks- 2019 (supplies)	0.000%	1,184,521	296,131		296,131	
MacBooks- 2021 (supplies)	0.000%	1,309,197	1,309,197		327,299	\$ 981,898
Chrome Books- 2022 (supplies)	2.520%	1,141,680	-	\$ 1,141,680	-	1,141,680
		<u>\$ 5,746,091</u>	<u>\$ 2,141,579</u>	<u>\$ 1,141,680</u>	<u>\$ 1,159,681</u>	<u>\$ 2,123,578</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance-Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 7,756,914		\$ 7,756,914	\$ 7,756,914	
State Sources					
Debt Service Aid	935,836	-	935,836	935,836	-
Total Revenues	<u>8,692,750</u>	<u>-</u>	<u>8,692,750</u>	<u>8,692,750</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Principal	6,220,000	-	6,220,000	6,220,000	
Interest on Bonds	2,472,750	-	2,472,750	2,037,321	\$ 435,429
Cost of Issuance	-	-	-	332,702	(332,702)
Total Expenditures	<u>8,692,750</u>	<u>-</u>	<u>8,692,750</u>	<u>8,590,023</u>	<u>102,727</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	102,727	(102,727)
OTHER FINANCING SOURCES (USES)					
Proceeds from Refunding Bonds				56,420,000	56,420,000
Payments to Escrow Agent				(59,087,298)	(59,087,298)
Transfers In - Capital Projects Fund	-	-	-	3,000,000	3,000,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,702</u>	<u>332,702</u>
Excess (Deficiency) of Revenues Over/(Under)					
Expenditures and Other Financing Sources (Uses)	-	-	-	435,429	435,429
Fund Balance, July 1, 2021	-	-	-	-	-
Fund Balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,429</u>	<u>\$ 435,429</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the 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 is derived from the annual comprehensive financial reports for the relevant year.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 43,659,102	\$ 45,676,154	\$ 41,256,919	\$ 48,328,719	\$ 51,827,177	\$ 62,613,681	\$ 44,040,614	\$ 50,024,411	\$ 57,367,427	\$ 59,838,205
Restricted	2,378,881	4,816,020	14,424,083	12,383,678	18,044,824	15,455,281	13,080,332	17,028,496	17,354,981	14,017,797
Unrestricted	<u>(489,287)</u>	<u>(40,173,039)</u>	<u>(40,472,737)</u>	<u>(40,364,250)</u>	<u>(43,909,435)</u>	<u>(46,286,757)</u>	<u>(50,110,540)</u>	<u>(52,072,020)</u>	<u>(47,331,208)</u>	<u>(41,117,324)</u>
Total Governmental Activities Net Position	\$ 45,548,696	\$ 10,319,135	\$ 15,208,265	\$ 20,348,147	\$ 25,962,566	\$ 31,782,205	\$ 7,010,406	\$ 14,980,887	\$ 27,391,200	\$ 32,738,678
Business-Type Activities										
Investment in Capital Assets	\$ 369,629	\$ 406,306	\$ 444,798	\$ 418,684	\$ 814,088	\$ 805,981	\$ 624,205	\$ 757,576	\$ 710,768	\$ 658,225
Restricted										
Unrestricted	<u>739,631</u>	<u>(1,601,375)</u>	<u>(1,234,507)</u>	<u>(1,061,651)</u>	<u>(1,217,275)</u>	<u>(696,702)</u>	<u>1,181,260</u>	<u>1,033,870</u>	<u>1,764,036</u>	<u>4,258,753</u>
Total Business-Type Activities Net Position	\$ 1,109,260	\$ (1,195,069)	\$ (789,709)	\$ (642,967)	\$ (403,187)	\$ 109,279	\$ 1,805,465	\$ 1,791,446	\$ 2,474,804	\$ 4,916,978
District-Wide										
Net Investment in Capital Assets	\$ 44,028,731	\$ 46,082,460	\$ 41,701,717	\$ 48,747,403	\$ 52,641,265	\$ 63,419,662	\$ 44,664,819	\$ 50,781,987	\$ 58,078,195	\$ 60,496,430
Restricted	2,378,881	4,816,020	14,424,083	12,383,678	18,044,824	15,455,281	13,080,332	17,028,496	17,354,981	14,017,797
Unrestricted	<u>250,344</u>	<u>(41,774,414)</u>	<u>(41,707,244)</u>	<u>(41,425,901)</u>	<u>(45,126,710)</u>	<u>(46,983,459)</u>	<u>(48,929,280)</u>	<u>(51,038,150)</u>	<u>(45,567,172)</u>	<u>(36,858,571)</u>
Total District Net Position	\$ 46,657,956	\$ 9,124,066	\$ 14,418,556	\$ 19,705,180	\$ 25,559,379	\$ 31,891,484	\$ 8,815,871	\$ 16,772,333	\$ 29,866,004	\$ 37,655,656

Note 1 - Net position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pension".

Note 2 - Fund Balances at June 30, 2020 have been restated to reflect the implementation of GASB No. 84 "Fiduciary Activities".

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 57,429,491	\$ 56,162,752	\$ 65,459,896	\$ 73,391,280	\$ 78,178,024	\$ 82,444,687	\$ 82,813,828	\$ 80,580,044	\$ 89,174,956	\$ 86,351,899
Special Education	27,728,427	26,765,570	30,420,992	30,163,329	32,394,349	32,967,859	30,753,643	32,483,731	37,280,395	32,455,782
Vocational- Tuition	194,464	200,630	155,650	215,633	207,875	213,482	261,392	259,942	209,766	142,100
Other Instruction	5,412,521	5,728,808	6,549,875	4,264,395	8,437,515	8,350,055	8,976,461	8,602,534	9,368,249	9,276,817
School Sponsored Activities And Athletics	1,771,383	1,792,310	2,231,855	2,961,270	2,576,267	2,591,286	2,411,582	2,316,645	2,312,953	2,919,407
Support Services:										
Student & Instruction Related Services	19,802,557	18,398,799	18,343,728	21,534,055	23,648,296	25,286,241	25,575,140	24,335,526	24,315,008	25,193,526
School Administrative Services	6,913,611	7,080,686	8,091,290	8,048,181	9,044,353	9,386,829	9,576,676	9,556,210	10,323,389	9,269,729
General Administration	2,735,360	2,547,296	2,268,730	2,519,964	2,602,963	2,959,436	2,714,208	2,912,838	2,860,450	3,023,851
Plant Operations And Maintenance	13,992,340	14,556,907	16,484,904	17,306,672	17,727,151	18,678,318	23,154,959	19,755,230	19,522,304	23,383,794
Pupil Transportation	13,875,038	14,071,942	14,119,145	13,746,290	14,113,143	14,050,861	13,316,912	12,764,018	11,374,087	15,528,748
Other Support Services	3,008,990	3,203,842	3,302,460	3,086,455	3,962,167	4,328,175	4,019,780	2,963,546	4,222,529	4,546,598
Special Schools										
Interest On Long-Term Debt	1,631,754	1,449,161	2,387,803	3,910,083	3,765,864	3,458,717	3,349,598	3,088,036	2,511,922	2,419,655
Total Governmental Activities Expenses	<u>154,495,936</u>	<u>151,958,703</u>	<u>169,816,328</u>	<u>181,147,607</u>	<u>196,657,967</u>	<u>204,715,946</u>	<u>206,924,179</u>	<u>199,618,300</u>	<u>213,476,008</u>	<u>214,511,906</u>
Business-Type Activities:										
Food Service	3,235,950	3,197,377	3,415,527	3,903,479	3,679,443	3,207,689	3,669,174	3,087,479	2,847,126	5,272,984
Child Care	960,597	827,389	724,928	720,952	789,480	818,595	1,052,787	398,804	251,344	-
Other Business-Types	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expense	<u>4,196,547</u>	<u>4,024,766</u>	<u>4,140,455</u>	<u>4,624,431</u>	<u>4,468,923</u>	<u>4,026,284</u>	<u>4,721,961</u>	<u>3,486,283</u>	<u>3,098,470</u>	<u>5,272,984</u>
Total District Expenses	<u>\$ 158,692,483</u>	<u>\$ 155,983,469</u>	<u>\$ 173,956,783</u>	<u>\$ 185,772,038</u>	<u>\$ 201,126,890</u>	<u>\$ 208,742,230</u>	<u>\$ 211,646,140</u>	<u>\$ 203,104,583</u>	<u>\$ 216,574,478</u>	<u>\$ 219,784,890</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 197,090	\$ 224,759	\$ 340,224	\$ 492,641	\$ 501,492	\$ 454,345	\$ 85,455	\$ 283,417	\$ 286,149	\$ 196,376
Pupil Transportation	2,210	6,713	10,327	17,680	4,041	22,958				
Operations and Maintenance		6,967	14,803	27,219	35,142	22,000	19,365	11,974	4,980	
School Sponsored Activities And Athletics										
Operating Grants And Contributions	24,945,853	23,255,831	37,566,708	43,431,077	55,288,979	61,786,833	53,013,409	49,031,286	65,649,610	327,066
Capital Grants And Contributions	-	33,008	681,110	1,966,585	833,578	384,562	859,068	214,128	22,485	54,995,220
Total Governmental Activities Program Revenues	<u>25,145,153</u>	<u>23,527,278</u>	<u>38,613,172</u>	<u>45,935,202</u>	<u>56,663,232</u>	<u>62,670,698</u>	<u>53,977,297</u>	<u>49,540,805</u>	<u>65,963,224</u>	<u>56,496,557</u>

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-Type Activities:										
Charges For Services										
Food Service	\$ 1,335,967	\$ 1,231,275	\$ 1,345,128	\$ 1,280,300	\$ 1,273,769	\$ 1,214,783	\$ 1,206,869	\$ 786,919	\$ 938,734	\$ 1,835,165
Child Care	828,992	779,896	892,225	875,555	931,737	787,705	757,065	657,355	90,954	132,007
Operating Grants And Contributions	1,790,184	2,159,203	2,306,793	2,613,245	2,677,555	2,521,957	2,478,996	2,005,576	2,748,677	6,156,912
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	3,955,143	4,170,374	4,544,146	4,769,100	4,883,061	4,524,445	4,442,930	3,449,850	3,778,365	8,124,084
Total District Program Revenues	\$ 29,100,296	\$ 27,697,652	\$ 43,157,318	\$ 50,704,302	\$ 61,546,293	\$ 67,195,143	\$ 58,420,227	\$ 52,990,655	\$ 69,741,589	\$ 64,620,641
Net (Expense)/Revenue										
Governmental Activities	\$ (129,350,783)	\$ (128,431,425)	\$ (131,203,156)	\$ (135,212,405)	\$ (139,994,735)	\$ (142,045,248)	\$ (152,946,882)	\$ (150,077,495)	\$ (147,512,784)	\$ (158,015,349)
Business-Type Activities	(241,404)	145,608	403,691	144,669	414,138	498,161	(279,031)	(36,433)	679,895	2,851,100
Total District-Wide Net Expense	\$ (129,592,187)	\$ (128,285,817)	\$ (130,799,465)	\$ (135,067,736)	\$ (139,580,597)	\$ (141,547,087)	\$ (153,225,913)	\$ (150,113,928)	\$ (146,832,889)	\$ (155,164,249)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, General Purposes	\$ 119,844,543	\$ 122,328,118	\$ 124,774,680	\$ 127,310,166	\$ 129,856,369	\$ 132,453,496	\$ 137,531,420	\$ 141,128,111	\$ 145,192,531	\$ 148,096,382
Property Taxes, Debt Service	4,998,351	4,824,932	4,626,751	6,830,644	8,171,550	8,095,840	7,832,968	8,010,008	7,880,853	7,756,914
Federal and State Aid Unrestricted	5,723,451	5,667,033	5,652,255	5,606,723	6,118,413	6,162,208	6,173,944	6,175,145	6,178,020	6,413,239
Investment Earnings	17,668	21,682	53,351	277,087	607,324	517,945	724,612	539,160	126,576	9,707
Miscellaneous Income	229,302	410,355	985,249	327,667	676,348	635,398	1,936,577	623,420	545,117	672,765
Transfers	-	-	-	-	179,150	-	-	-	-	413,820
Total Governmental Activities	130,813,315	133,252,120	136,092,286	140,352,287	145,609,154	147,864,887	154,199,521	156,475,844	159,923,097	163,362,827
Business-Type Activities:										
Investment Earnings	2,071	1,985	1,669	2,073	4,792	14,305	37,928	22,414	3,463	4,894
Miscellaneous Income										
Transfers	-	-	-	-	(179,150)	-	-	-	-	(413,820)
Total Business-Type Activities	2,071	1,985	1,669	2,073	(174,358)	14,305	37,928	22,414	3,463	(408,926)
Total District-Wide	\$ 130,815,386	\$ 133,254,105	\$ 136,093,955	\$ 140,354,360	\$ 145,434,796	\$ 147,879,192	\$ 154,237,449	\$ 156,498,258	\$ 159,926,560	\$ 162,953,901
Change in Net Position										
Governmental Activities	\$ 1,462,532	\$ 4,820,695	\$ 4,889,130	\$ 5,139,882	\$ 5,614,419	\$ 5,819,639	\$ 1,252,639	\$ 6,398,349	\$ 12,410,313	\$ 5,347,478
Business-Type Activities	(239,333)	147,593	405,360	146,742	239,780	512,466	(241,103)	(14,019)	683,358	2,442,174
Total District	\$ 1,223,199	\$ 4,968,288	\$ 5,294,490	\$ 5,286,624	\$ 5,854,199	\$ 6,332,105	\$ 1,011,536	\$ 6,384,330	\$ 13,093,671	\$ 7,789,652

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 98,510	\$ 5,500	\$ 35,335	\$ 21,876	\$ 12,200	\$ 12,200				
Restricted	1,484,755	5,047,571	7,841,547	13,106,296	16,663,302	17,411,830	\$ 15,718,429	17,052,241	20,543,544	16,035,058
Committed						694,066	1,841,766	560,940	-	
Assigned	2,200,295	2,036,714	1,189,076	118,255	253,335	832,138	1,219,687	2,365,147	815,901	1,577,160
Unassigned	<u>178,520</u>	<u>201,785</u>	<u>277,833</u>	<u>284,642</u>	<u>580,418</u>	<u>813,838</u>	<u>694,680</u>	<u>577,727</u>	<u>3,623,344</u>	<u>4,035,111</u>
Total General Fund	<u>\$ 3,962,080</u>	<u>\$ 7,291,570</u>	<u>\$ 9,343,791</u>	<u>\$ 13,531,069</u>	<u>\$ 17,509,255</u>	<u>\$ 19,764,072</u>	<u>\$ 19,474,562</u>	<u>\$ 20,556,055</u>	<u>\$ 24,982,789</u>	<u>\$ 21,647,329</u>
All Other Governmental Funds										
Restricted	\$ 2,316,066	\$ 678,169	\$ 90,335,118	\$ 80,207,818	\$ 56,933,623	\$ 19,888,865	\$ 8,183,410	\$ 7,175,836	\$ 4,527,267	\$ 1,918,778
Unassigned	<u>(42,798)</u>	<u>(83,684)</u>	<u>(82,338)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(497,877)</u>	<u>(589,826)</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 2,273,268</u>	<u>\$ 594,485</u>	<u>\$ 90,252,780</u>	<u>\$ 80,207,818</u>	<u>\$ 56,933,623</u>	<u>\$ 19,888,865</u>	<u>\$ 8,183,410</u>	<u>\$ 6,677,959</u>	<u>\$ 3,937,441</u>	<u>\$ 1,918,778</u>

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

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Property Tax Levy	\$ 124,842,894	\$ 127,153,050	\$ 129,401,431	\$ 134,140,810	\$ 138,027,919	\$ 140,549,336	\$ 145,364,388	\$ 149,138,119	\$ 153,073,384	\$ 155,853,296
Interest Earnings	17,668	21,682	53,351	277,087	607,324	517,945	724,612	539,160	126,576	9,707
Miscellaneous	514,069	656,704	1,351,593	881,268	1,677,775	1,147,666	2,058,835	940,844	1,076,909	1,293,507
State Sources	27,154,099	25,646,793	27,934,086	30,928,420	33,493,455	36,199,353	40,512,536	41,780,760	47,280,087	55,861,884
Federal Sources	3,429,738	3,301,169	3,768,046	3,766,543	3,642,261	3,494,233	3,338,594	3,255,925	4,504,773	6,060,188
Total Revenue	155,958,468	156,779,398	162,508,507	169,994,128	177,448,734	181,908,533	191,998,965	195,654,808	206,061,729	219,078,582
Expenditures										
Instruction										
Regular Instruction	56,143,236	54,732,571	56,656,766	61,155,988	62,041,442	66,453,755	74,343,790	74,198,430	80,359,607	88,170,217
Special Education Instruction	27,328,262	26,318,104	27,444,933	26,605,432	27,558,120	27,601,435	27,989,359	30,291,516	34,142,889	33,294,392
Vocational Education- Tuition	192,500	200,630	155,650	215,633	207,875	213,482	261,392	259,942	209,766	142,100
Other Instruction	5,416,071	5,710,428	5,615,190	4,264,542	6,538,363	6,360,406	7,696,343	7,671,057	8,098,514	9,641,090
School Sponsored Activities and Athletics	1,771,816	1,787,615	1,780,494	2,305,978	2,020,633	2,041,598	2,086,445	2,077,838	1,997,636	2,946,089
Support Services:										
Student and Inst. Related Services	19,779,023	18,318,408	17,830,765	20,358,885	20,539,951	21,388,567	23,443,429	23,127,780	22,283,702	25,686,556
School Administrative Services	6,857,877	7,000,686	7,306,968	6,968,106	7,244,714	7,439,705	8,484,944	8,833,825	9,204,882	9,618,301
General Administrative	2,594,094	2,486,621	2,197,604	2,429,740	2,420,246	2,731,384	2,634,719	2,874,155	2,763,096	2,733,559
Plant Operations And Maintenance	13,672,081	14,210,136	16,007,608	16,665,237	16,272,328	16,478,657	18,039,493	15,095,317	14,677,034	17,414,803
Pupil Transportation	13,274,603	13,463,141	13,477,190	13,087,024	13,456,970	13,245,003	13,180,793	12,666,835	11,241,673	15,355,199
Other Support Services	2,894,371	3,079,272	3,127,798	2,907,905	3,440,528	3,630,295	3,664,299	2,799,793	3,885,906	3,485,089
Capital Outlay	2,796,427	2,213,056	2,755,435	10,879,891	24,647,177	39,484,936	15,038,020	7,364,709	6,876,304	4,603,471
Debt Service:										
Principal	4,049,267	4,074,459	4,035,028	4,085,717	6,691,529	5,915,000	6,920,341	7,082,005	7,210,486	7,677,681
Interest and Other Charges	1,826,494	1,533,564	1,421,562	4,029,647	3,844,017	3,714,251	3,505,777	3,307,696	2,733,215	2,552,360
Total Expenditures	158,596,122	155,128,691	159,812,991	175,959,725	196,923,893	216,698,474	207,289,144	197,650,898	205,684,710	223,320,907
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(2,637,654)	1,650,707	2,695,516	(5,965,597)	(19,475,159)	(34,789,941)	(15,290,179)	(1,996,090)	377,019	(4,242,325)
Other Financing Sources (Uses)										
Refunding Bonds Issued	3,220,000	-	-	8,700,000	-	-	-	-	-	56,420,000
Payment to Refunded Bond Escrow Agent	(3,258,625)	-	-	(9,851,130)	-	-	-	-	-	(59,087,298)
Original Issue Premium	122,446	-	-	1,259,043	-	-	-	-	-	-
Bond Proceeds	-	-	81,480,000	-	-	-	-	-	-	-
Financing Agreement Proceeds	3,850,000	-	7,535,000	-	-	-	3,295,214	-	1,309,197	1,141,680
Transfers In	1,344,066	409,041	4,323,252	4,081,918	2,618,928	6,226,843	382,455	4,548,213	3,590,537	7,016,085
Transfers Out	(1,344,066)	(409,041)	(4,323,252)	(4,081,918)	(2,439,778)	(6,226,843)	(382,455)	(4,548,213)	(3,590,537)	(6,602,265)
Total Other Financing Sources (Uses)	3,933,821	-	89,015,000	107,913	179,150	-	3,295,214	-	1,309,197	(1,111,798)
Net Change in Fund Balances	\$ 1,296,167	\$ 1,650,707	\$ 91,710,516	\$ (5,857,684)	\$ (19,296,009)	\$ (34,789,941)	\$ (11,994,965)	\$ (1,996,090)	\$ 1,686,216	\$ (5,354,123)
Debt Service as a Percentage of Noncapital Expenditures	3.77%	3.67%	3.47%	4.92%	6.12%	5.43%	5.42%	5.46%	5.00%	4.68%

* Noncapital expenditures are total expenditures less capital outlay.

Source: School District's financial statements

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u> *	<u>Energy Rebates & E-Rate</u>	<u>Tuition</u>	<u>Sale of Computers & Related Supplies</u>	<u>Total</u>
2013	\$ 17,410	\$ 428,602				\$ 446,012
2014	21,599	410,790				432,389
2015	41,665	1,308,881	\$ 40,743			1,391,289
2016	44,158	677,078	188,129			909,365
2017	109,925	1,069,285	147,738			1,326,948
2018	248,339	746,635	388,066			1,383,040
2019	593,931	609,172			\$ 1,327,405	2,530,508
2020	473,726	356,015	279,379			1,109,120
2021	121,039	659,256	29,240			809,535
2022	8,817	672,765		\$ 196,376		877,958

Source: District Records

* Excludes tuition and transportation fees

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2013	\$ 127,484,650	\$ 5,921,770,300	\$ 54,692,900	\$ 1,480,199,000	\$ 865,740,400	\$ 403,781,000	\$ 8,853,668,250	\$ 15,113,394	\$ 8,868,784,644	\$ 8,939,497,440	\$ 1.421
2014	129,253,500	5,983,129,300	55,672,600	1,465,301,800	881,516,000	423,310,000	8,938,183,200	12,878,452	8,951,061,702	8,934,609,316	1.434
2015	114,843,950	6,108,979,900	55,939,400	1,458,437,700	876,347,100	430,110,700	9,044,658,750	13,834,966	9,058,493,716	9,086,544,843	1.455
2016	105,991,250	6,264,115,500	55,385,000	1,439,253,800	892,254,300	474,560,700	9,231,560,550	14,642,198	9,246,202,748	9,190,912,559	1.472
2017	99,770,650	6,366,488,100	54,632,100	1,502,516,000	929,682,300	542,940,000	9,496,029,150	14,934,510	9,510,963,660	9,434,853,645	1.465
2018	101,772,150	6,521,617,200	55,014,600	1,498,053,600	1,001,819,500	613,370,000	9,791,647,050	15,544,197	9,807,191,247	10,002,118,920	1.458
2019	165,171,550	6,768,367,300	53,392,900	1,528,973,200	1,031,841,800	634,045,000	10,181,791,750	16,530,933	10,198,322,683	10,408,318,968	1.444
2020	161,988,450	6,957,200,600	53,604,200	1,649,645,200	1,035,058,400	684,985,000	10,542,481,850	17,052,879	10,559,534,729	10,676,804,338	1.431
2021	107,001,550	7,184,524,300	50,357,400	1,970,700	2,998,303,600	735,160,000	11,077,317,550	-	11,077,317,550	11,286,757,591	1.392
2022	84,435,400	7,956,574,100	54,689,400	1,787,877,400	1,782,472,800	841,090,900	12,507,140,000	17,540,778	12,524,680,778	12,837,773,200	1.254

Source: County Abstract of Ratables

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

<u>Calendar Year</u>	<u>Local School</u>	<u>Municipal Tax</u>	<u>County Tax</u>	<u>Total Tax Levy</u>
2013	\$ 125,997,973	\$ 39,480,257	\$ 29,671,271	\$ 195,149,501
2014	128,277,241	40,774,660	30,571,732	199,623,633
2015	131,771,120	41,904,020	31,480,957	205,156,097
2016	136,084,365	42,597,608	32,194,174	210,876,147
2017	140,847,318	42,795,871	33,317,992	216,961,181
2018	142,956,862	43,408,523	35,001,914	221,367,299
2019	147,251,254	43,754,548	36,572,646	227,578,448
2020	151,105,752	44,004,169	36,842,867	231,952,788
2021	154,463,543	44,459,316	39,010,107	237,932,966
2022	157,101,265	46,070,121	43,490,481	246,661,867

Per \$100 Of Assessed Valuation

2013	1.421	0.445	0.335	2.201
2014	1.434	0.455	0.342	2.231
2015	1.455	0.462	0.348	2.265
2016	1.472	0.46	0.349	2.281
2017	1.465	0.449	0.348	2.262
2018	1.458	0.358	0.323	2.139
2019	1.444	0.428	0.360	2.232
2020	1.431	0.416	0.350	2.197
2021	1.392	0.400	0.353	2.145
2022	1.254	0.369	0.347	1.970

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

Taxpayer	2022	
	Taxable Assessed Value	% of Total District Net Assessed Value
Somerset Logistics Center ILP, LLC	\$ 139,000,000	1.110%
800 Cottontail, LLC % Sentinel Critica	127,808,600	1.020%
Bridge Point Somerset LLC	107,583,000	0.859%
Morgan Stanley Mgt.	101,060,000	0.807%
Azurehgi Somerset LP, & ETC % Harbor	89,300,000	0.713%
Franklin Greens c/o Fieldstone Properties	81,600,000	0.652%
SHI International Corporation	71,000,000	0.567%
Green Hill Manor Villa, LLC	63,800,000	0.509%
PR KC Somersetownerco, LP Prudential	61,557,500	0.491%
Summerfields 360 LLC	59,500,000	0.475%
	<u>\$ 902,209,100</u>	<u>7.204%</u>

Taxpayer	2013	
	Taxable Assessed Value	% of Total District Net Assessed Value
NJOP Holdings LLC	\$ 107,900,000	1.217%
Morgan Stanley MGT	81,464,000	0.919%
SHI International Corp.	58,542,000	0.660%
Levin Properties	58,232,000	0.657%
Corporate Reale Est. Holding % C&W Inc.	55,940,000	0.631%
Segal Realty Corp.	50,900,000	0.574%
Green Hill Manor Developers LLC	46,600,000	0.525%
Phillips Electronics	41,000,000	0.462%
La Fonge Associates	40,830,000	0.460%
Wood West Realty, LLC	39,500,000	0.445%
	<u>\$ 580,908,000</u>	<u>6.550%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 124,842,894	\$ 124,842,894	100.00%	-
2014	127,153,050	127,153,050	100.00%	-
2015	129,401,431	129,401,431	100.00%	-
2016	134,140,810	134,140,810	100.00%	-
2017	138,027,919	138,027,919	100.00%	-
2018	140,549,336	140,549,336	100.00%	-
2019	145,364,388	145,364,388	100.00%	-
2020	149,138,119	149,138,119	100.00%	-
2021	153,073,384	153,073,384	100.00%	-
2022	155,853,296	155,853,226	99.99%	\$ 70

Source: District financial records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	General Obligation Bonds	Capital & Other Financing Agreements			
2013	\$ 36,460,000	\$ 3,095,733	\$ 39,555,733	63,403	\$ 624
2014	33,145,000	2,336,274	35,481,274	64,755	548
2015	111,360,000	9,101,246	120,461,246	64,961	1,854
2016	107,195,000	8,235,529	115,430,529	65,290	1,768
2017	101,510,000	7,229,000	108,739,000	65,489	1,660
2018	95,815,000	7,009,000	102,824,000	65,683	1,565
2019	89,980,000	9,218,873	99,198,873	65,779	1,508
2020	83,960,000	8,156,868	92,116,868	65,852	1,399
2021	77,845,000	8,370,579	86,215,579	66,033	1,306
2022	71,485,000	8,054,578	79,539,578	68,428	1,162

Source: District records

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2013	\$ 36,460,000		\$ 36,460,000	0.41%	\$ 575
2014	33,145,000		33,145,000	0.37%	512
2015	111,360,000		111,360,000	1.23%	1,714
2016	107,195,000	\$ 18,276	107,176,724	1.16%	1,642
2017	101,510,000	209,062	101,300,938	1.07%	1,547
2018	95,815,000	203,025	95,611,975	0.97%	1,456
2019	89,980,000		89,980,000	0.88%	1,368
2020	83,960,000		83,960,000	0.80%	1,275
2021	77,845,000		77,845,000	0.70%	1,179
2022	71,485,000		71,485,000	0.57%	1,045

Source: District records

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
(Unaudited)**

	<u>Amount Applicable to Government</u>
Overlapping Debt Apportioned to the Municipality:	
Municipal Debt (1)	
Township of Franklin	\$ 49,212,624
County Debt (2)	
Somerset County	76,186,087
Other (3)	
Franklin Township Sewerage Authority	<u>21,335,543</u>
 Total Overlapping Debt	 146,734,254
 Direct Debt- Franklin Township Public Schools (as of June 30, 2022)	 <u>79,539,578</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 226,273,832</u></u>

Source:

(1) Township's 2021 Annual Debt Statement

(2) The debt for this entity was apportioned to Township by dividing the municipality's 2021 equalized value by the total 2021 equalized value for Somerset County.

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Limit	\$ 362,382,359	\$ 362,382,359	\$ 356,377,811	\$ 357,946,605	\$ 363,506,706	\$ 377,640,821	\$ 398,026,233	\$ 417,344,721	\$ 433,596,696	\$ 465,612,466
Total Net Debt Applicable to Limit	<u>36,460,000</u>	<u>33,145,000</u>	<u>111,360,257</u>	<u>107,195,257</u>	<u>101,510,257</u>	<u>95,815,257</u>	<u>89,980,257</u>	<u>83,960,257</u>	<u>77,845,257</u>	<u>71,485,257</u>
Legal Debt Margin	<u>\$ 325,922,359</u>	<u>\$ 329,237,359</u>	<u>\$ 245,017,554</u>	<u>\$ 250,751,348</u>	<u>\$ 261,996,449</u>	<u>\$ 281,825,564</u>	<u>\$ 308,045,976</u>	<u>\$ 333,384,464</u>	<u>\$ 355,751,439</u>	<u>\$ 394,127,209</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.06%	9.15%	31.25%	29.95%	27.93%	25.37%	22.61%	20.12%	17.95%	15.35%

Legal Debt Margin Calculation for Fiscal Year 2022

Equalized valuation basis	
2021	\$ 12,942,303,482
2020	11,309,248,927
2019	<u>10,669,382,532</u>
	<u>\$ 34,920,934,941</u>
Average equalized valuation of taxable property	<u>\$ 11,640,311,647</u>
Debt Limit	\$ 465,612,466
Legal debt margin	<u>71,485,257</u>
	<u>\$ 394,127,209</u>

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

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

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

<u>Year Ended December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (a)</u>	<u>Population</u>
2013	8.3%	\$ 78,867	63,403
2014	7.3%	83,386	64,755
2015	5.7%	88,399	64,961
2016	4.9%	92,352	65,290
2017	4.6%	99,210	65,489
2018	4.2%	104,620	65,683
2019	3.8%	110,466	65,779
2020	3.3%	112,825	65,852
2021	8.5%	112,825	66,033
2022	5.8%	112,825	68,428

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

(a) Somerset County

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

<u>Employer</u>	<u>2022</u>		<u>2013</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	487	491	497	495	497	499	493	494	498	483
Special Education	277	279	281	285	286	292	296	298	301	338
Support Services:										
Student and Instruction Related Services	142	143	144	146	147	149	151	152	152	155
General Administration	7	6	6	6	6	6	6	6	6	6
School Administrative Services	47	46	46	46	47	47	47	47	47	45
Central Services	18	19	19	19	19	19	19	19	19	16
Administrative Information Technology	11	11	11	11	11	11	11	9	9	11
Plant Operations And Maintenance	148	147	146	146	146	146	146	146	147	139
Pupil Transportation	24	24	22	21	19	16	15	15	13	17
Total	<u>1,161</u>	<u>1,166</u>	<u>1,172</u>	<u>1,175</u>	<u>1,178</u>	<u>1,185</u>	<u>1,184</u>	<u>1,186</u>	<u>1,192</u>	<u>1,210</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2013	8,281	\$ 149,923,934	\$ 18,105	5.30%	644	11.1:1	9.6:1	11.8:1	7,640	7,272	-1.66%	95.18%
2014	8,138	147,307,612	18,101	-0.02%	653	12.1:2	10.2:1	12.1:1	7,633	7,276	-0.09%	95.32%
2015	7,782	151,600,966	19,481	7.62%	659	11.7:1	10.0:1	10.8:1	7,494	7,144	-1.85%	95.33%
2016	7,560	156,964,470	20,762	6.58%	665	11.4:1	9.95:1	10.6:1	7,298	6,966	-2.69%	95.45%
2017	7,819	161,741,170	20,686	-0.37%	704	7.6:1	12.2:1	15.2:1	7,203	6,864	-1.32%	95.29%
2018	7,243	167,584,287	23,137	11.85%	692	7.4:1	10.5:1	11.4:1	7,097	6,736	-1.49%	94.91%
2019	7,802	181,825,006	23,305	0.72%	789	7.4:1	10.5:1	11.4:1	6,998	6,643	-1.41%	94.93%
2020	7,977	179,896,488	22,552	-3.23%	734	11.0:1	9.0:1	12.0:1	7,036	6,805	0.54%	96.72%
2021	7,936	188,864,705	23,798	5.53%	746	10.6:1	9.4:1	12.8:1	7,078	6,825	0.59%	96.43%
2022	7,939	208,285,071	26,236	10.24%	748	10.7:1	9.4:1	12.8:1	7,006	6,540	-1.03%	93.35%

Sources: District records

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

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

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
District Building											
Elementary											
Conerly Road School (1966, Add 1998)											
Square Feet		46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495
Capacity (students)		410	410	410	410	410	410	410	410	410	410
Enrollment		453	448	435	409	427	343	433	384	361	310
Elizabeth Ave School (1957, Add 1998, 2004)											
Square Feet	** (4)	48,919	48,919	48,919	58,159	58,159	58,159	58,159	58,159	58,159	58,159
Capacity (students)		513	513	513	513	513	513	513	513	513	513
Enrollment		624	653	659	617	582	544	531	494	526	548
Franklin Park School (1998)											
Square Feet		99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)		773	773	773	773	773	773	773	773	773	773
Enrollment (inc. Annex)		875	940	890	842	786	781	739	670	649	647
Franklin Park Annex (1957)											
Square Feet	** (1)	23,827	inc above	inc above	inc above	inc above	inc above	inc above	inc above	inc above	inc above
Capacity (students)		135	inc above	inc above	inc above	inc above	inc above	inc above	inc above	inc above	inc above
Enrollment		108	-	-	-	-	-	-	-	-	-
Hillcrest School (1958)											
Square Feet	** (2)	52,122	52,122	52,122	56,742	56,742	56,742	56,742	56,742	56,742	56,742
Capacity (students)		488	488	488	488	488	488	488	488	488	488
Enrollment		440	422	392	422	429	411	468	418	441	467
MacAfee Road School (1966, Add 2004)											
Square Feet	** (2)	46,449	46,449	46,449	51,069	51,069	51,069	51,069	51,069	51,069	51,069
Capacity (students)		432	432	432	432	432	432	432	432	432	432
Enrollment		470	447	429	413	396	395	418	382	383	395
Pine Grove Manor (1931, Add 2004)											
Square Feet	** (1)	51,212	51,212	51,212	53,522	53,522	53,522	53,522	53,522	53,522	53,522
Capacity (students)		400	400	400	400	400	400	400	400	400	400
Enrollment		443	414	396	385	388	345	381	372	374	394
Sampson G. Smith School (1968)- Middle School											
Square Feet	** (2)	134,290	134,290	134,290	138,910	138,910	138,910	138,910	138,910	138,910	138,910
Capacity (students)		1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051
Enrollment		1,136	1,134	1,086	1,031	1,027	1,036	855	812	772	694

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
Claremont Elementary (2018)										
Square Feet							123,665	123,665	123,665	123,665
Capacity (students)							1,004	1,004	1,004	1,004
Enrollment							708	691	736	706
<u>Middle School (2006) /High School (1960-2005)</u>										
Franklin Middle School (1960)										
Square Feet	222,553	222,553	222,553	222,553	222,553	222,553	222,553	222,553	222,553	222,553
Capacity (students)	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Enrollment	1,060	1,092	1,084	1,093	1,042	980	819	686	794	725
<u>High School</u>										
Franklin High School (2005)										
Square Feet	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000	343,000
Capacity (students)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Enrollment	2,036	2,100	2,127	2,090	2,116	2,186	2,204	2,119	2,122	2,150

Number of Schools at June 30, 2022
 Elementary = 7
 Middle School = 2
 Senior High School = 1

Source: District Records

**Facility square footage includes trailers at site

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

<u>School Facilities</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Franklin Twp. High School	\$ 148,648	\$ 140,938	\$ 221,911	\$ 136,353	\$ 146,216	\$ 184,972	\$ 366,716	\$ 136,703	\$ 170,105	\$ 254,124
Franklin Middle School	115,695	119,165	93,287	164,207	73,032	158,936	211,493	105,450	167,848	250,752
Conerly Road School	16,368	8,348	30,656	15,955	10,527	43,974	33,249	15,347	23,651	35,333
Elizabeth Ave School	76,991	35,189	38,394	17,398	40,294	31,295	37,810	32,804	20,873	31,183
Franklin Park School	139,129	67,150	70,518	49,990	88,298	91,543	88,455	62,920	72,425	108,198
Hillcrest School	59,052	23,924	36,633	18,897	39,808	68,282	45,619	20,952	21,275	31,783
MacAfee Road School	75,516	31,004	85,723	21,035	14,700	47,370	23,168	35,912	33,448	49,969
Pine Grove Manor School	33,320	64,253	89,832	35,213	16,420	20,907	36,805	27,000	24,385	36,429
Sampson G. Smith School	143,202	136,736	97,752	44,107	98,946	106,047	95,461	58,110	50,167	74,946
Claremont Road School	-	-	-	-	-	-	14,817	25,989	41,075	61,363
Total School Facilities	\$ 807,921	\$ 626,707	\$ 764,706	\$ 503,155	\$ 528,241	\$ 753,326	\$ 953,593	\$ 521,187	\$ 625,252	\$ 934,080
Other Facilities										
Administration Building	\$ 21,824	\$ 19,950	\$ 107,302	\$ 42,930	\$ 12,115	\$ 56,417	\$ 11,445	\$ 64,357	\$ 34,321	\$ 51,273
Maintenance Building	37,215	54,843	58,019		31,169	60,393	52,639	20,077	15,675	23,417
Transportation Trailer	1,718	3,232	15,309		269	32		34		
Total Other Facilities	\$ 60,757	\$ 78,025	\$ 180,630	\$ 42,930	\$ 43,553	\$ 116,842	\$ 64,084	\$ 84,468	\$ 49,996	\$ 74,690
Grand Total	\$ 868,678	\$ 704,732	\$ 945,336	\$ 546,085	\$ 571,794	\$ 870,168	\$ 1,017,677	\$ 605,655	\$ 675,248	\$ 1,008,770

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2022
(UNAUDITED)

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2022
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
<u>BONDS</u>		
RLI		
Public Official		
Assistant Superintendent for Business/Board Secretary	\$800,000	
Jon Toth 07/01/2021 - 6/30/2022		
RLI		
Public Official		
Treasurer of School Monies	\$800,000	
Jacqueline Becce		
<u>WORKERS COMPENSATION</u>		
Excess Workers' Compensation		
Self Insured Retention		
Each Accident	\$1,000,000	
Each Employee for Disease	\$700,000	
Specific Limit Each Accident	Statutory	
Policy Part One, Workers' Compensation	\$1,000,000	
Policy Part Two, Employers Liability		
Specific Limit Each Employee for Disease		
Policy Part One, Workers' Compensation	Statutory	
Policy Part Two, Employers Liability	\$1,000,000	
<u>CYBER RISK</u>		
Total Limit of Liability		
Sublimits of Liability:		
Media Content Insurance	\$1,000,000	\$25,000
Security & Privacy Liability	\$1,000,000	\$25,000
Regulatory Defense Expenses	\$1,000,000	\$25,000
Event Management Insurance	\$1,000,000	\$25,000
Cyber Extortion Insurance	\$1,000,000	\$25,000
Business Interruption	\$500,000	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF INSURANCE
JUNE 30, 2022
(UNAUDITED)

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

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Franklin Township Public Schools
2301 Route 27
Somerset, New Jersey 08873

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Franklin Township Public Schools' basic financial statements and have issued our report thereon dated March 7, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin Township Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

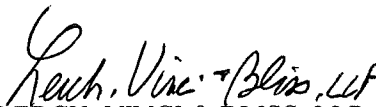
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Franklin Township Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated March 7, 2023.


Franklin Township Public Schools' Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Franklin Township Public Schools' responses to the noncompliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The Franklin Township Public Schools' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
March 7, 2023



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Franklin Township Public Schools
2301 Route 27
Somerset, New Jersey 08873

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Franklin Township Public Schools' compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Franklin Township Public Schools' major federal and state programs for the fiscal year ended June 30, 2022. The Franklin Township Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and 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; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular 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 Franklin Township Public Schools 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 federal and state program. Our audit does not provide a legal determination of the Franklin Township Public Schools' 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, regulation, rules, and provisions of contracts or grant agreements applicable to the Franklin Township Public Schools' federal and 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 Franklin Township Public Schools' 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, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 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 omission, misrepresentation, 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 Franklin Township Public Schools' compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement 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 Franklin Township Public Schools' 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 Franklin Township Public Schools' 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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Franklin Township Public Schools' 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 federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

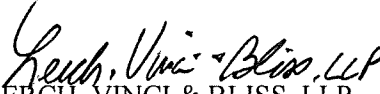
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated March 7, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
March 7, 2023

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	FAIN Number	Grant Period	Award Amount	Balance, July 1, 2021				Cash Received	Budgetary Expenditures	Balance, June 30, 2022			MEMO GAAP Receivable
					Unearned Revenue Carryover	(Accounts Receivable) Carryover	(Accounts Receivable)	Unearned Revenue			Due To Grantor			
U.S. Department of Health & Human Services- Passed through State Dept. of Education General Fund														
Medical Assistance Program	93.778	2005NJ5MAP	7/1/21-6/30/22	\$ 177,446	-	-	-	\$ 263,094	\$ 326,555	\$ (63,461)	-	-	\$ (63,461)	
Total U.S. Department of Health and Human Services/General Fund					-	-	-	263,094	326,555	(63,461)	-	-	(63,461)	
U.S. Department of Education Passed-through State Dept. of Education														
ESEA Title I A	84.010	S010A210030	7/1/21-9/30/22	838,406		\$ 121,552	\$ (519,322)	588,899	704,282	(768,829)	\$ 255,676		(513,153)	
ESEA Title I A	84.010	S010A200030	7/1/20-9/30/21	801,739	\$ (397,770)	(121,552)	519,322							
ESEA Title I A	84.010	S010A180030	7/1/18-3/30/19	816,802	613						613			
ESEA Reallocated Title I	84-010	S010A200030	7/1/20-9/30/21	74,739	(10,013)	-	-	13,207	15,513	(41,194)	28,875	-	(12,319)	
Total Title I Cluster					(407,170)	-	-	602,106	719,795	(810,023)	285,164	-	(525,472)	
ESEA Title IIA	84.367A	S367A200029	7/1/20-9/30/21	147,545	(35,508)	(42,983)	78,491							
ESEA Title IIA	84.367A	S367A210029	7/1/21-9/30/22	178,303		42,983	(78,491)	58,973	142,854	(197,821)	78,432		(119,389)	
ESEA Title III	84.365A	S365A200030	7/1/20-9/30/21	153,268	(19,690)	(94,724)	114,414							
ESEA Title III	84.365A	S365A210030	7/1/21-9/30/22	154,736		94,724	(114,414)	163,745	189,897	(105,405)	59,563		(45,842)	
ESEA Title III- Immigrant	84.365A	S365A200030	7/1/20-9/30/21	30,222	(2,946)			22,857	24,197	(9,909)	5,623		(4,286)	
NCLB Title III- Immigrant	84.365A	S365A180030	7/1/18-6/30/19		668						668			
Total Title III Cluster					(21,968)	-	-	186,602	214,094	(115,314)	65,854	-	(50,128)	
ESEA Title IV	84.424	S424A200031	7/1/20-9/30/21	58,004	(34,636)	(22,341)	56,977							
ESEA Title IV	84.424	S424A210031	7/1/21-9/30/22	51,588		22,341	(56,977)	38,854	47,504	(69,711)	26,425		(43,286)	
I.D.E.A. Part B, Preschool	84.173	H173A200114	7/1/20-9/30/21	66,300	(18,932)	(19,900)	38,832							
I.D.E.A. Part B, Preschool	84.173	H173A210114	7/1/21-9/30/22	66,176		19,900	(38,832)	53,138	74,824	(51,870)	11,252		(40,618)	
ARP I.D.E.A. Preschool	84.173X	H173X210114	7/1/21-9/30/22	33,870					33,869	(33,870)	1		(33,869)	
ARP I.D.E.A. Basic	84.027X	H027X210100	7/1/21-9/30/22	398,385					371,882	(398,385)	26,503		(371,882)	
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	7/1/17-6/30/18	1,931,590	225							\$ 225		
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	7/1/20-9/30/21	2,053,124	(189,820)	(554,196)	744,016							
I.D.E.A. Part B, Basic Regular	84.027	H027A210100	7/1/21-9/30/22	1,924,992		554,196	(744,016)	1,604,905	1,864,587	(1,064,103)	614,601		(449,502)	
Total Special Education Cluster IDEA					(208,527)	-	-	1,658,043	2,345,162	(1,548,228)	652,357	225	(895,871)	
Vocational (Perkins) Secondary	84.048	V048A200030	7/1/20-6/30/21	20,205	(3,570)			3,570						
Vocational (Perkins) Secondary	84.048	V048A210030	7/1/21-6/30/22	17,343				7,646	14,261	(9,697)	3,082		(6,615)	
ACSERS Aid	21.027	SLFRPDOEISES	7/1/21-6/30/22	399,381				195,827	399,381	(203,554)	-		(203,554)	
Elementary and Secondary School Emergency Relief (ESSER) Coronavirus Aid, Relief, and Economic Security (CARES) Act														
CARES Emergency Relief Grant	84.425	S425D200027	3/13/20-9/30/22	763,527	(348,699)			235,163	96,327	(209,863)	-		(209,863)	
Addressing Student Learning Loss Comp	84.425D	S425D210027	4/1/21-8/31/22	156,425	(3,750)				127,270	(156,425)	25,405		(131,020)	
Elementary and Secondary School Emergency Relief (ESSER II) Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act														
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	2,583,747	(3,820)			28,715	967,673	(2,555,032)	1,612,254		(942,778)	
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	165,812						(165,812)	165,812		-	
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000					10,100	(45,000)	34,900		(10,100)	
American Rescue Plan (ARP) ESSER III														
Accelerated Learning Coach	84.425U	S425U210027	3/13/20-9/30/24	5,806,805					1,293,746	(5,806,805)	4,513,059		(1,293,746)	
Evidence Based Summer Learning	84.425U	S425U210027	3/13/20-9/30/24	680,345					27,091	(680,345)	653,254		(27,091)	
Evidence Based Comprehensive	84.425U	S425U210027	3/13/20-9/30/24	46,385						(46,385)	46,385		-	
NJTSS Mental Health Support	84.425U	S425U210027	3/13/20-9/30/24	46,385					13,197	(46,385)	33,188		(13,197)	
Total Education Stabilization Fund Cluster					(356,269)	-	-	263,878	2,535,404	(9,800,553)	7,172,758	-	(2,627,795)	
Coronavirus Relief Fund														
Coronavirus Relief Fund	21.019	N/A	7/16/20-10/31/20	582,958	29,131				29,131					
Total U.S. Department of Education/Special Revenue Fund					(1,038,517)	-	-	3,015,499	6,447,586	(12,754,901)	8,284,072	225	(4,472,110)	

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	FAIN Number	Grant Period	Award Amount	Balance, July 1, 2021	Unearned Revenue Carryover	(Accounts Receivable) Carryover	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Balance, June 30, 2022 Unearned Revenue	Due To Grantor	MEMO GAAP Receivable
U.S. Department of Agriculture Passed-through State Dept. of Ed. Enterprise Fund:													
National School Lunch Program	10.555												
Cash Assistance		221NJ304N1099	7/1/21-6/30/22	3,687,050				3,368,934	3,687,050	(318,116)			(318,116)
Cash Assistance		211NJ304N1099	7/1/20-6/30/21	1,478,368	(243,845)			243,845					
Non-Cash Assistance			7/1/21-6/30/22	400,733				400,733			19,926		
Non-Cash Assistance			7/1/20-6/30/21	258,047	14,837				380,807				
Emergency Operational Cost Program -Schools	10.555	202121H170341	7/1/21-6/30/22	295,430				295,430	295,430				
Supply Chain Assistance Funding Program	10.555	221NJ344N8903	7/1/21-6/30/22	139,709					139,709	(139,709)			(139,709)
P-EBT Administrative Program	10.649	2022225900941	7/1/21-6/30/22	6,198				6,198	6,198				
School Breakfast Program	10.553	221NJ304N1099	7/1/21-6/30/22	1,539,665				1,387,968	1,539,665	(151,697)			(151,697)
School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	933,271	(153,935)	-	-	153,935	-	-	-	-	-
Total National School Lunch Program Cluster/Food Service Fund					(382,943)	-	-	5,857,043	6,063,696	(609,522)	19,926	-	(609,522)
Total Federal Financial Awards					\$ (1,421,460)	\$ -	\$ -	\$ 9,135,636	\$ 12,837,837	\$ (13,427,884)	\$ 8,303,998	\$ 225	\$ (5,145,093)

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2021	Carryover	Cash Received	Budgetary Expenditures	Adjustment (1)	Refund of Prior Years' Balances	Balance, June 30, 2022			MEMO		
										(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures	
State Department of Education General Fund:															
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 6,733,247			\$ 6,099,317	\$ 6,733,247								\$ 6,733,247
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	5,314,562	(496,599)		496,599				(633,930)					
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	5,706,043			5,168,823	5,706,043			(537,220)					5,706,043
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	5,706,043	(533,181)		533,181									
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	1,581,446			1,432,554	1,581,446			(148,892)					1,581,446
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	1,581,446	(147,773)		147,773									
Total State Aid Public Cluster				(1,177,553)		13,878,247	14,020,736			(1,320,042)					14,020,736
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	1,634,154			1,480,300	1,634,154			(153,854)					1,634,154
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	1,634,154	(152,698)		152,698									
Additional Nonpublic Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	211,990				211,990			(211,990)				\$ (211,990)	211,990
Additional Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	236,930	(236,930)		236,930									
Total Transportation Aid Cluster				(389,628)		1,869,928	1,846,144			(365,844)					1,846,144
Extraordinary Aid	22-495-034-5120-044	7/1/21-6/30/22	2,110,654				2,110,654			(2,110,654)					2,110,654
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	1,925,110	(1,925,110)		1,925,110									
On-behalf TPAF Pension															
Normal Cost & Accrued Liab.	22-495-034-5094-002	7/1/21-6/30/22	21,708,172			21,708,172	21,708,172								21,708,172
Non-Contributory Ins.	22-495-034-5094-004	7/1/21-6/30/22	306,272			306,272	306,272								306,272
Long Term Disability Ins.	22-495-034-5094-001	7/1/21-6/30/22	9,832			9,832	9,832								9,832
Post-Retirement Medical Contributions	22-495-034-5094-001	7/1/21-6/30/22	5,143,464			5,143,464	5,143,464								5,143,464
Total On-Behalf TPAF Contribution Cluster						27,167,740	27,167,740								27,167,740
Reimbursed TPAF Social Security	22-100-034-5094-003	7/1/21-6/30/22	4,398,726			4,185,210	4,398,726			(213,516)				(213,516)	4,398,726
Reimbursed TPAF Social Security	21-100-034-5094-003	7/1/20-6/30/21	4,431,785	(214,420)		214,420									
Total General Fund				(3,706,711)		49,240,655	49,544,000			(4,010,056)				(425,506)	49,544,000
Special Revenue Fund:															
Preschool Education Aid	22-495-034-5120-086	7/1/21-6/30/22	6,068,634		\$ 3,397,936	5,461,771	4,657,551			(606,863)	\$ 4,809,019				4,657,551
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	5,898,264	2,572,331	(3,162,157)	589,826									
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	4,978,792	235,779	(235,779)										
SDA Emergent and Capital Needs	N/A	7/1/21-6/30/22	163,706			163,706					163,706				
New Jersey Nonpublic Aid															
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	67,642			67,642	67,642	\$ 12,742					\$ 12,742		67,642
Technology	22-100-034-5120-373	7/1/21-6/30/22	47,334			47,334	47,334								47,334
Security	22-100-034-5120-509	7/1/21-6/30/22	194,950			194,950	194,950	133,206					133,206		194,950
Auxiliary Services (Chap. 192)															
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	66,468			66,468	58,227						8,241		58,227
ESL	22-100-034-5120-067	7/1/21-6/30/22	3,654			3,654							3,654		
Transportation Aid	22-100-034-5120-067	7/1/21-6/30/22	11,498			11,498	11,498								11,498
Transportation Aid	21-100-034-5120-067	7/1/20-6/30/21	9,994	1,000					\$ 1,000						
Total Nonpublic Auxiliary Services Aid (Chap 192) Cluster				1,000		81,620	69,725		1,000				11,895		69,725
Handicapped Services (Ch. 193)															
Supplemental Instruction	22-100-034-5120-066	7/1/21-6/30/22	31,388			31,388	28,519						2,869		28,519
Examination & Classification	22-100-034-5120-066	7/1/21-6/30/22	36,023			36,023	36,022						1		36,022
Examination & Classification	21-100-034-5120-066	7/1/20-6/30/21	50,162	11,937					11,937						
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	28,830			28,830	24,798						4,032		24,798
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	29,165	9,216					9,216						
Total Nonpublic Handicapped Services Aid (Chap 193) Cluster				21,153		96,241	89,339		21,153				6,902		89,339
Nursing Services	22-100-034-5120-070	7/1/21-6/30/22	132,160			132,160	132,160	13,095					13,095		132,160
Total Special Revenue Fund				2,830,263		6,835,250	5,258,701	159,043	22,153	(606,863)	4,972,725	177,840			5,258,701

(1) Adjustments represent grant balances or payables cancelled.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2021	Carryover	Cash Received	Budgetary Expenditures	Adjustment (1)	Refund of Prior Years' Balances	Balance, June 30, 2022			MEMO	
										(Accounts Receivable)	Unearned Revenue	Due To Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures
State Department of Education Capital Projects Fund														
School Development Authority	1610-055-14-1006-G04		\$ 470,290	\$ (423,261)						\$ (423,261)			\$ (423,261)	\$ 470,290
School Development Authority	1610-070-14-1007-G04		250,000	(170,295)				\$ 170,295					-	79,705
School Development Authority	1610-070-14-1008-G04		25,001	(25,001)				25,001					-	-
School Development Authority	1610-160-14-1025-G04		205,000	(205,000)						(205,000)			(205,000)	205,000
School Development Authority	1610-100-14-1011-G04		530,761	(477,685)						(477,684)			(477,684)	530,760
School Development Authority	1610-115-14-1016-G04		287,259	(287,259)						(287,259)			(287,259)	287,259
School Development Authority	1610-140-14-1017-G04		288,483	(2,332)				2,332		-			-	286,151
School Development Authority	1610-150-14-1021-G04		218,708	(1,084)				1,084		-			-	217,624
School Development Authority	1610-150-14-1022-G04		451,804	(451,804)						(451,804)			(451,804)	451,804
School Development Authority	1610-150-14-1029-G04		182,789	(3,611)				3,611		-			-	179,178
Total School Development Authority Cluster/ Capital Projects Fund				(2,047,332)	-	-	-	202,324	-	(1,845,008)	-	-	(1,845,008)	4,378,713
Debt Service Fund														
Debt Service Aid	22-495-064-5120-075	7/1/21-6/30/22	935,836	-	-	\$ 935,836	\$ 935,836	-	-	-	-	-	-	935,836
Total Debt Service Aid				-	-	935,836	935,836	-	-	-	-	-	-	935,836
State Department of Agriculture Enterprise Fund														
National School Lunch Program	22-100-034-5120-122	7/1/21-6/30/22	93,216	(17,369)	-	85,895	93,216	-	-	(7,321)	-	-	(7,321)	-
National School Lunch Program	21-100-034-5120-122	7/1/20-6/30/21	78,612	-	-	17,369	-	-	-	-	-	-	-	-
Total Department of Agriculture/Enterprise Fund				(17,369)	-	103,264	93,216	-	-	(7,321)	-	-	(7,321)	-
Total State Financial Assistance Subject to Single Audit Determination				\$ (2,941,149)	\$ -	\$ 57,115,005	\$ 55,831,753	\$ 361,367	\$ 22,153	\$ (6,469,248)	\$ 4,972,725	\$ 177,840	\$ (2,277,835)	\$ 60,117,250
State Financial Assistance Not Subject to Single Audit Major Program Determination														
General Fund														
On-Behalf TPAF Pension														
Normal Cost-Accrued Liability	22-495-034-5092-002					(21,708,172)	(21,708,172)							
Non Contributory Insurance	22-495-034-5092-004					(306,272)	(306,272)							
Long-Term Disability Ins.	22-495-034-5092-001					(9,832)	(9,832)							
TPAF Post-Retirement Med. Contrib.	22-495-034-5094-001					(5,143,464)	(5,143,464)							
Total State Financial Assistance Subject to Single Audit Major Programs Determination				\$ (2,941,149)	\$ -	\$ 29,947,265	\$ 28,664,013	\$ 361,367	\$ 22,153	\$ (6,469,248)	\$ 4,972,725	\$ 177,840	\$ (2,277,835)	\$ 60,117,250

(1) Adjustments represent grant balances or payables cancelled.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$329,189 for the general fund and a decrease of \$262,329 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 326,555	\$ 49,214,811	\$ 49,541,366
Special Revenue Fund	5,733,633	5,711,237	11,444,870
Debt Service Fund		935,836	935,836
Food Service Fund	6,063,696	93,216	6,156,912
	<u> </u>	<u> </u>	<u> </u>
Total Awards Financial Assistance	<u>\$ 12,123,884</u>	<u>\$ 55,955,100</u>	<u>\$ 68,078,984</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$4,398,726 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. The amount reported as TPAF Pension System Contributions in the amount of \$22,014,444, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$5,143,464 and TPAF Long-Term Disability Insurance in the amount of \$9,832 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2022.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over compliance:

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

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

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

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

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>221NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>221NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>202121H170341</u>	<u>Emergency Operational Cost Program- Schools</u>
<u>10.555</u>	<u>221NJ344N8903</u>	<u>Supply Chain Assistance Funding Program</u>
<u>84.173, 84.173X, 84.027, 84.027X</u>	<u>H027A210100, H027X210100 H173A210114, H173X210114</u>	<u>IDEA - Basis & Preschool ARP IDEA - Basic & Preschool</u>
<u>84.425, 84.425D, 84.425U</u>	<u>S425D210027 S425U210027</u>	<u>Education Stabilization Funds</u>

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

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

FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

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

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

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-064-5120-075</u>	<u>Debt Service Aid</u>
<u>100-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs \$ 859,920

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2022-001:

Our audit of the District's general ledger and subsidiary ledgers revealed certain adjusting journal entries were required to be made to reconcile the Board records with the subsidiary records and supporting documentation.

Criteria or specific requirement:

The State Department of Education's GAAP Technical Systems Manual

Condition:

Journal entries were required to reclassify receipts, reverse prior year cancelled encumbrances and adjust general ledger entries in the General, Special Revenue and Capital Projects Funds.

Questioned Costs:

None.

Context:

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

- We noted \$2,169,445 of 2020/2021 encumbrances payable that were cancelled as of June 30, 2021 were incorrectly included in the 2021/22 modified budget. As a result over expenditures of \$1,663,896 were reported on the budgetary comparison schedule.
- Journal entries were made to correct various receivable balances in the General Fund.
- The original budget of the general fund, special revenue fund and debt service fund were not correctly posted into the budgetary accounting system.

Effect:

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

Recommendation:

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

Views of Responsible Officials and Planned Corrective Action Plan:

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

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2021-001:

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

Current Status

See Finding 2022-001.

Finding 2021-002:

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

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

Current Status

Corrective action was taken.

Finding 2021-003:

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

Current Status

See Auditor's Management Report.