

**FRANKLIN TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2022**

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



Certified Public Accountants, PC

**FRANKLIN TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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

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**FRANKLIN TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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March 8, 2023

Honorable President and Members of the Board of Education  
Franklin Township School District  
52 Asbury Broadway Road,  
Washington, New Jersey 07882

Dear Board Members:

The Annual Comprehensive Financial Report of the Franklin Township School 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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 general-purpose financial statements and schedules, as well as the auditor's report thereon. 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's reports 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.

**1. REPORTING ENTITY AND ITS SERVICES:** Franklin Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) 14. All funds and account groups of the District are included in this report. The Franklin Township Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6 as well as special education. The District completed the 2021/2022 fiscal year with an enrollment of 199 students, which is a 4.7% increase over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2012/2013	271.3	-5.50%
2013/2014	250.9	-7.50%
2014/2015	233.1	-7.10%
2015/2016	227.8	-2.30%
2016/2017	220.4	-3.27%
2017/2018	216.0	-2.00%
2018/2019	205.2	-5.00%
2019/2020	207.5	1.12%
2020/2021	191.3	-7.84%
2021-2022	198.5	3.78%

**2. ECONOMIC CONDITION AND OUTLOOK:** The Franklin Township experienced a period of decline in enrollment from 2007 through 2019. This decline was a result of many factors, including but not limited to: 1) a sagging real estate market, resulting in the aging-out of the elementary school, 2) abnormally high percentage of preserved lands in the municipality, 3) development restrictions placed on the District through the Highlands Act, 4) five-acre municipal zoning requirements and 5) a trend of smaller family sizes for millennials. We had begun to see an improvement in the real estate market in 2020, but the growth recognized from that was quickly eroded in 2021, as a result of many parents opting to utilize home instruction during the COVID pandemic. During the past year, we have seen a return of many of those students, however our concern is that the recent, historic surge in the inflation rate, coupled with climbing mortgage rates will generate another slowing in the real estate market. On a positive note, the State-generated cohort-survival projections for our District, as well as a prior in-house demographic study, both reflect calculations that indicate potential growth for the District.

Declining enrollments have a direct impact on the State School Aid received by our district, as the State of New Jersey removed the hold-harmless provision in their funding formula five years ago. One must also recognize, though, that a decline in enrollment also represents potential budget savings, as staffing needs have declined with the decline in enrollment over the years. Even with a modest upturn in enrollment, we do not see a need for an increase in staffing in the near future. We could potentially absorb a 20% increase in enrollment before any substantive increases in our budget would be necessary.

For the last five years, the district has been addressing a reduction in State School Aid, as a result of changes to the school funding formula. There are still more reductions to come, as the State implements the full phase-in of the aid cuts, but there are offsets that will (or could) diminish the impact. Those would include: 1) potential increases in enrollment could lessen the reduction in aid, 2) the State typically incorporates an inflationary factor into the base amounts determined for a thorough and efficient education, and 3) the district recently received a preschool expansion grant which will eliminate the need to fund a half-day preschool program out of our regular budget. Increasing enrollment would also result in the district receiving a relatively proportional increase in federal grants such as IDEA, Title I, Title II, and the Rural Educational Assistance Program. Fortunately, the district entered this era of State School

Aid reductions from a very strong financial position. The administration is confident that with the proper management of funds and creative planning that the district will be able to minimize the impact of this reduction in aid to our taxpayers, while still maintaining the educational programs that parents recognize are an important part of the experience that their children have at the Franklin Township School

**3. MAJOR INITIATIVES:** Given the effect of the COVID pandemic on the operation of school districts in the State of New Jersey, it will be no surprise that our greatest areas of focus right now are on student assessment and on "learning acceleration", with the goal of assuring that the impact of the COVID limitations will only be short lived. Learning acceleration is being supported by grant funds that will cover the cost of after-school and summer programs to supplement the regular instructional day. These grants will also provide funds for software that is available to students in school and at home.

Our federal grants will also help us address mental health topics. Nationally, mental health issues have sky-rocketed, during the recent pandemic. The funds that we are receiving can be used for direct student support, parental supports, and for professional development for our staff.

In our attempt to curb long-term fixed expenses, we have begun discussion with our architect on the design and installation of a solar array on the southern portion of the elementary school. The actual implementation date has yet to be determined, as the current supply chain issues are impacting all areas of construction. Once completed, the array will supply us with the majority of our electricity needs for approximately 25 years. Money has already been set aside in our capital reserve account, out of prior years' budget savings, for the completion of the project.

**4. INTERNAL ACCOUNT 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 is 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 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 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.



**5. BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2022.

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

**7. FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues meeting its responsibilities for sound financial management.

**8. DEBT ADMINISTRATION:** At June 30, 2022, the District had no outstanding debt.

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

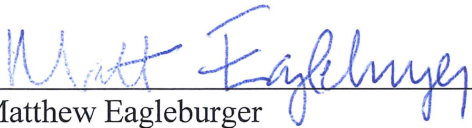
**10. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to, general liability, workers compensation, automobile liability and comprehensive/collision, environmental, hazard and theft insurance on property and contents and fidelity bonds.

**11. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the accounting firm of BKC, CPAs, PC. In addition to meeting the requirements set forth in statute, the audit was also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditor's report on the general-purpose financial 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.

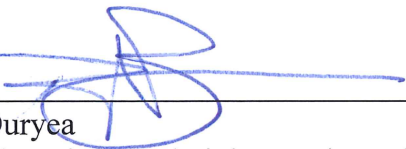
**12. ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Franklin Township School District Board of Education for their dedication in providing fiscal accountability to the citizens and taxpayers of the school district and contributing their full support to the development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

Respectfully Submitted,



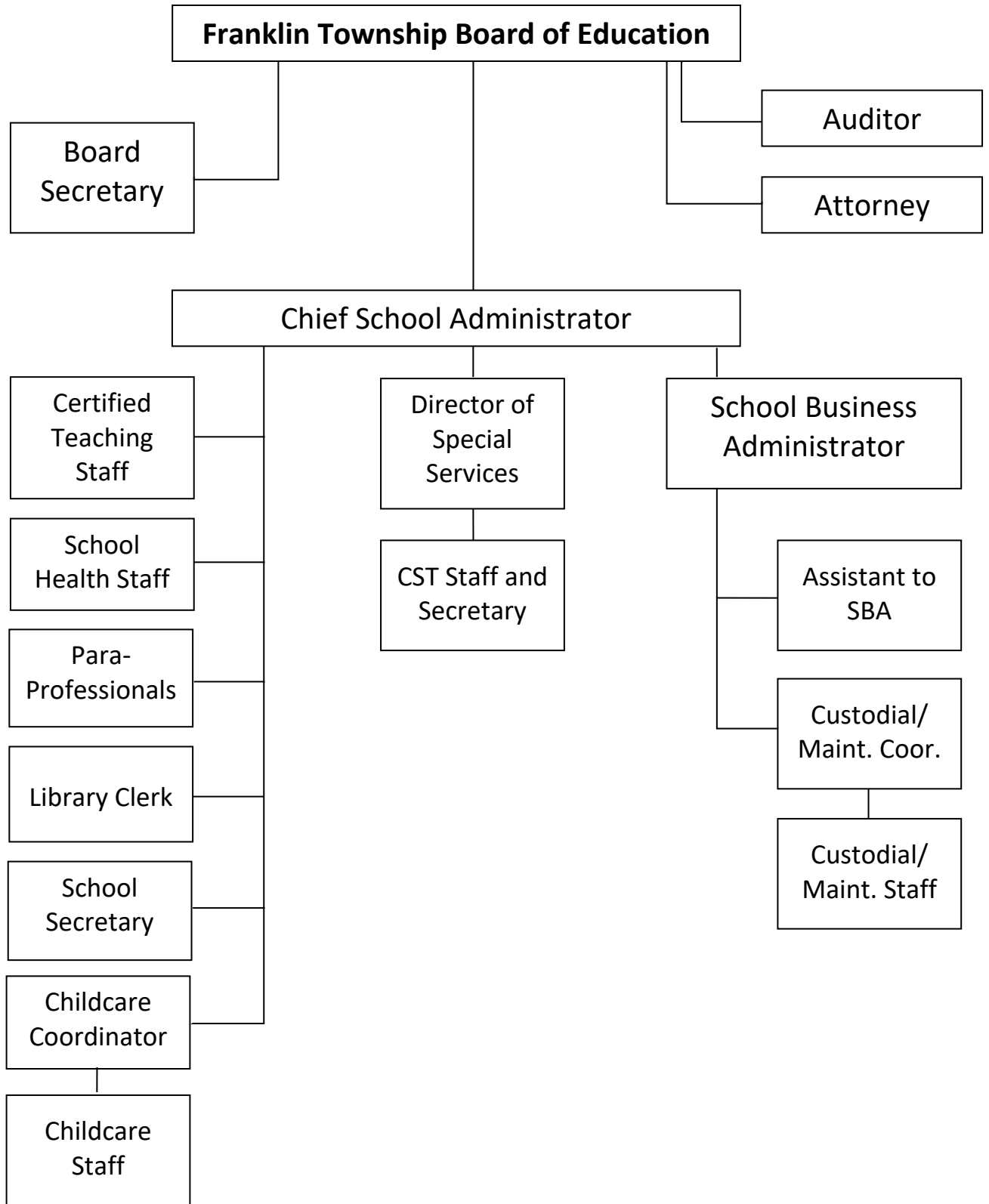
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Matthew Eagleburger  
Chief School Administrator



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Tim Duryea  
School Business Administrator/Board Secretary



**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Washington, NJ**  
**Roster of Officials**  
**June 30, 2022**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Rudolph DiGilio	President	2024
Donna Sbriscia	Vice President	2024
Elizabeth Ames		2022
Jason Banghart		2022
Scott Hanson		2022
John McGinnis		2022
Renee Hart		2023
Chester Kucyn		2023
Katherine Matlock		2023

<u>Other Officials</u>	<u>Title</u>
Matthew Eagleburger	Chief School Administrator
Timothy Duryea	School Business Administrator/Board Secretary
Nathanya Simon / Scarinci Hollenbeck Attorneys at Law	Solicitor

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
**Washington, NJ**  
**Consultants and Advisors**  
**June 30, 2021**

**AUDIT FIRM**

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

**ATTORNEY**

Nathanya Simon / Scarinci Hollenbeck Attorneys at Law  
1100 Valley Brook Avenue  
P.O. Box 790  
Lyndhurst, NJ 07071

**OFFICIAL DEPOSITORY**

Investors Bank  
101 JFK Parkway  
Short Hills, NJ 07078



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

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## Independent Auditors' Report

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

### Report on the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

#### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, although not a part of the Basic Financial Statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the Basic Financial Statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of Management about the methods of preparing the information and comparing the information for consistency with Management's responses to our inquiries, the Basic Financial Statements, and other knowledge we obtained during our audit of the Basic Financial Statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

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

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Basic Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Basic Financial Statements or to the Basic Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

### Other Information

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



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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



Michael Holk, CPA, PSA  
NO. 20CS00265600

March 8, 2023  
Flemington, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

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

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

**Financial Highlights**

Key financial highlights for 2022 are as follows:

- In total, net position increased \$458,006 which represents a 11.89% increase from 2021.
- General revenues accounted for \$6,796,323 revenue or 94.31% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$410,188 or 5.69% of total revenues of \$7,206,511.
- Total assets of governmental activities increased by \$150,155 as cash and cash equivalents increased by \$165,951, receivables and other assets increased by \$71,531 and capital assets decreased by \$87,327.
- The School District had \$6,748,505 in expenses; only \$410,188 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$6,796,323 were adequate to provide for these programs.
- Among major funds, the general fund had \$5,891,432 in revenues and \$5,649,132 in expenditures. The general fund's balance increased \$242,300 over 2021.

**Using this Annual Comprehensive Financial Report (ACFR)**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Franklin Township School District, the general fund is by far the most significant fund.

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

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

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

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and The Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but no limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

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

**Fund Financial Statements**

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

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

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The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for the fiscal year ended June 30, 2022 compared to June 30, 2021.

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

	06/30/22	06/30/21	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 2,714,229	\$ 2,474,753	\$ 239,476	9.68%
Capital assets	3,093,341	3,178,907	(85,566)	-2.69%
Total assets	<u>5,807,570</u>	<u>5,653,660</u>	<u>153,910</u>	<u>2.72%</u>
<b>Deferred outflows of resources</b>				
Deferred amount of pension liability	<u>85,711</u>	<u>180,142</u>	<u>(94,431)</u>	<u>-52.42%</u>
<b>Liabilities</b>				
Long term liabilities	775,392	1,052,868	(277,476)	-26.35%
Other liabilities	<u>63,024</u>	<u>73,891</u>	<u>(10,867)</u>	<u>-14.71%</u>
Total liabilities	<u>838,416</u>	<u>1,126,759</u>	<u>(288,343)</u>	<u>-25.59%</u>
<b>Deferred inflows of resources</b>				
Deferred amount of pension liability	<u>744,826</u>	<u>855,010</u>	<u>(110,184)</u>	<u>-12.89%</u>
<b>Net position</b>				
Invested in capital assets, net of related debt	3,093,341	3,178,907	(85,566)	-2.69%
Restricted	1,513,185	1,313,218	199,967	15.23%
Unrestricted	<u>(296,487)</u>	<u>(640,092)</u>	<u>343,605</u>	<u>53.68%</u>
Total net position	<u>\$ 4,310,039</u>	<u>\$ 3,852,033</u>	<u>\$ 458,006</u>	<u>11.89%</u>

Total assets increased \$153,910. Cash and cash equivalents increased by \$188,080 receivables and other assets increased by \$51,396 and capital assets decreased by \$85,566. Unrestricted net position of the School District increased by \$343,605. These are the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements.

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The negative balance in unrestricted net position is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

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

	<b>Table 2</b>		<b>Changes in Net Position</b>	
	<u>06/30/22</u>	<u>06/30/21</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>Percent</u>
Revenues				
Program revenues				
Charges for services	\$ 85,050	\$ 35,841	\$ 49,209	137.30%
Operating grants & contributions	325,138	250,251	74,887	29.92%
General revenues				
Property taxes	4,039,535	4,060,706	(21,171)	-0.52%
Unrestricted grants	2,740,409	3,318,398	(577,989)	-17.42%
Other	16,379	18,911	(2,532)	-13.39%
Total revenues	<u>7,206,511</u>	<u>7,684,107</u>	<u>(477,596)</u>	<u>-6.22%</u>
Program expenses				
Instruction				
Regular	3,324,956	3,628,440	(303,484)	-8.36%
Special	649,226	540,612	108,614	20.09%
Other	166,775	281,759	(114,984)	-40.81%
Support services				
Tuition	38,000	14,415	23,585	163.61%
Student & instructional staff	1,197,086	1,286,908	(89,822)	-6.98%
General & business administration	602,282	633,252	(30,970)	-4.89%
School administration	76,276	84,602	(8,326)	-9.84%
Maintenance	438,251	439,396	(1,145)	-0.26%
Transportation	150,512	119,358	31,154	26.10%
Food service	101,392	94,177	7,215	7.66%
Child care service	-	213	(213)	-100.00%
Interest on long term debt	3,749	8,756	(5,007)	-57.18%
Total expenses	<u>6,748,505</u>	<u>7,131,888</u>	<u>(383,383)</u>	<u>-5.38%</u>
Change in net position	<u>\$ 458,006</u>	<u>\$ 552,219</u>	<u>\$ (94,213)</u>	<u>-17.06%</u>

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**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 56.94% of revenues for governmental activities for the Franklin Township School District for fiscal year 2022.

Instruction comprises 61.36% of district expenses. Support services expenses make up 38.64% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for the fiscal year ended June 30, 2022 compared to June 30, 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State Entitlements.

**Table 3  
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/22	06/30/21	06/30/22	06/30/21
Instruction	\$ 4,140,957	\$ 4,450,811	\$ 3,931,631	\$ 4,360,173
Support services				
Tuition	38,000	14,415	38,000	14,415
Student & instructional staff	1,197,086	1,286,908	1,112,107	1,219,104
General & business administration	602,282	633,252	602,282	633,252
School administration	76,276	84,602	76,276	84,602
Plant operations & maintenance	438,251	439,396	434,100	439,396
Pupil transportation	150,512	119,358	150,512	119,358
Food service	101,392	94,177	(10,340)	(33,473)
Child care service	-	213	-	213
Interest on long-term debt	3,749	8,756	3,749	8,756
	<u>\$ 6,748,505</u>	<u>\$ 7,131,888</u>	<u>\$ 6,338,317</u>	<u>\$ 6,845,796</u>

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

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

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

Plant operation and maintenance activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

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

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues and aid is apparent. For all activities local tax revenue support is 56.05%. The community, as a whole, is the primary support or funding source for the Franklin Township School District.

**The School District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$6,113,388 and expenditures of \$5,871,651. The net positive change in fund balance for the year was most significant in the general fund, reflecting an increase of \$242,300.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of the fiscal year 2022, the School District amended its general fund budget as needed. The School District uses program-based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the general fund, budgetary basis revenue and other financing sources were \$4,727,493, \$203,817 over original budgeted estimates of \$4,523,676. This difference was due primarily to additional extraordinary aid.

The general fund revenues and other financing sources of the School District exceeded expenditures by \$230,432, the financial position of the School District is strong.



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**Capital Assets**

At the end of the fiscal year 2022, the School District had \$3,093,341 invested in land, construction in progress, building, furniture and equipment. Table 4 shows June 30, 2022 balances compared to June 30, 2021.

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

	06/30/22	06/30/21	Variance	
			Dollars	Percent
Land	\$ 180,000	\$ 180,000	\$ -	0.00%
Land improvements	30,115	31,989	(1,874)	-5.86%
Buildings & improvements	2,772,402	2,882,893	(110,491)	-3.83%
Machinery & equipment	110,824	84,025	26,799	31.89%
	<u>\$ 3,093,341</u>	<u>\$ 3,178,907</u>	<u>\$ (85,566)</u>	<u>-2.69%</u>

Overall capital assets decreased \$85,566 from June 30, 2021 to June 30, 2022.

**Debt Administration**

At June 30, 2022, the School District had \$775,392 in long-term liabilities. Table 5 shows June 30, 2022 balances compared to June 30, 2021.

**Table 5**  
**Long-Term Liabilities at Year End**

	06/30/22	06/30/21	Variance	
			Dollars	Percent
Unamortized bond premium	\$ -	\$ 8,938	\$ (8,938)	-100.00%
Compensated absences liability	141,581	160,861	(19,280)	-11.99%
PERS net pension liability	633,811	883,069	(249,258)	-28.23%
	<u>\$ 775,392</u>	<u>\$ 1,052,868</u>	<u>\$ (277,476)</u>	<u>-26.35%</u>

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**For the Future**

At the present time, the Franklin Township School District is in a very good financial condition, despite annual reductions in State School Aid. The District has a history of maintaining tight reigns on tax levy increases, with a total increase of just over 1% in the last ten years (fiscal year 2013 vs. fiscal year 2023). It is our anticipation that the district will continue to see a reduction in our regular State School Aid in 2023-2024. Fortunately, those losses will be offset by a new revenue source that materialized in September of 2022. The District was awarded funds in the form of Preschool Expansion Aid to take our part-time program to a full-day program. This will afford us the opportunity expand our program and extract our part-time preschool costs from our annual budget, reflecting positively on our annual tax levy. At the close of the 2021-2022 school year, the District sat with its Maintenance Reserve and Capital Reserve fully funded. The District's Emergency Reserve finished with a balance of \$80,525. These funds do not isolate us from every type of exposure that could potentially result in a spike in property taxes, however, they do insulate us from many of the more common situations that school districts face. In addition, the Capital Reserve can be utilized for initiatives that may benefit the district budget in future years, such as energy savings projects.

Franklin Township is primarily a residential, farming community, with very few industrial ratables. Over the last six years, there has been virtually no change in the Assessed Valuation of Real Property in the municipality. With that said, the majority of the property tax burden falls directly upon our residents, with little tax relief related to new development. In addition, because Franklin Township's ratables are so high, compared with the number of students that attend our schools, we receive far less State aid than many of the surrounding districts. It is because of these factors that we are called upon to constantly scrutinize the efficiencies of our operation. We have also taken the initiative to open dialogue with the Township Committee, in an effort to communicate the broad impact of commercial, industrial, and residential development on the financial posture of the district as a whole. There are no proposed construction projects that will have any dramatic impact on our municipal ratables over the next two years.

Over the last decade, enrollment has been influenced by a number of factors. First, there had been a shift of population to more urban areas and a general decrease in household size in the early part of that decade. The onset of the COVID pandemic saw an increase in the number of families utilizing home instruction, withdrawing students from the public schools. More recently, the housing market opened up and we saw growth from new families moving to our more rural area. Unfortunately, the housing market is once again putting the brakes on, due to rising interest rates. Should things change, we estimate that the district would be able to absorb an additional 40-50 students without any major increase in staffing (the District's largest budget item). The additional state and federal aid tied to these students vs. the very modest additional cost would result in a very positive financial shift for the District.

In conclusion, the Franklin Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact Tim Duryea, School Business Administrator/Board Secretary at Franklin Township Board of Education, 52 Asbury Broadway Road, Washington, NJ 07882 or email at [tduryea@franklinschool.org](mailto:tduryea@franklinschool.org).

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

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

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 897,980	\$ 42,387	\$ 940,367
Due from other funds, net	-	628	628
Receivables, net	243,613	12,854	256,467
Inventory	-	3,582	3,582
<b>Restricted assets</b>			
Capital reserve - cash	1,138,239	-	1,138,239
Emergency reserve - cash	80,525	-	80,525
Maintenance reserve - cash	292,212	-	292,212
Student activities - cash	2,209	-	2,209
<b>Capital assets, net</b>			
Land	180,000	-	180,000
Other capital assets, net of depreciation	2,904,099	9,242	2,913,341
<b>Total assets</b>	<b>5,738,877</b>	<b>68,693</b>	<b>5,807,570</b>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	85,711	-	85,711
<b>Liabilities</b>			
Accounts payable	20,733	32	20,765
Due to other funds, net	628	-	628
Payroll deductions and withholdings payable	39,619	-	39,619
Unearned revenue	61	1,951	2,012
<b>Long-term liabilities</b>			
Due beyond one year	775,392	-	775,392
<b>Total liabilities</b>	<b>836,433</b>	<b>1,983</b>	<b>838,416</b>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	744,826	-	744,826
<b>Net position</b>			
Net investment in capital assets	3,084,099	9,242	3,093,341
<b>Restricted for</b>			
Capital reserve	1,138,239	-	1,138,239
Emergency reserve	80,525	-	80,525
Maintenance reserve	292,212	-	292,212
Student activities	2,209	-	2,209
Unrestricted	(353,955)	57,468	(296,487)
<b>Total net position</b>	<b>\$ 4,243,329</b>	<b>\$ 66,710</b>	<b>\$ 4,310,039</b>

See accompanying notes to financial statements.

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

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 1,672,751	\$ 1,652,205	\$ 76,500	\$ 98,489	\$ -	\$ (3,149,967)	\$ -	\$ (3,149,967)
Special education	332,560	316,666	-	9,215	-	(640,011)	-	(640,011)
Other special education	71,420	46,684	-	25,122	-	(92,982)	-	(92,982)
Other instruction	17,363	31,308	-	-	-	(48,671)	-	(48,671)
Support services								
Tuition	38,000	-	-	-	-	(38,000)	-	(38,000)
Students & instruction related services	690,413	506,673	2	84,977	-	(1,112,107)	-	(1,112,107)
General & business administration services	336,926	265,356	-	-	-	(602,282)	-	(602,282)
School administration services	64,207	12,069	-	-	-	(76,276)	-	(76,276)
Plant operations & maintenance	395,930	42,321	-	4,151	-	(434,100)	-	(434,100)
Pupil transportation	147,389	3,123	-	-	-	(150,512)	-	(150,512)
Interest on long-term debt	3,749	-	-	-	-	(3,749)	-	(3,749)
Total governmental activities	3,770,708	2,876,405	76,502	221,954	-	(6,348,657)	-	(6,348,657)
Business-type activities								
Food service	101,392	-	8,548	103,184	-	-	10,340	10,340
Child care program	-	-	-	-	-	-	-	-
Total business-type activities	101,392	-	8,548	103,184	-	-	10,340	10,340
Total primary government	<u>\$ 3,872,100</u>	<u>\$ 2,876,405</u>	<u>\$ 85,050</u>	<u>\$ 325,138</u>	<u>\$ -</u>	<u>(6,348,657)</u>	<u>10,340</u>	<u>(6,338,317)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						4,039,535	-	4,039,535
Property taxes levied for debt service						-	-	-
Federal and state aid not restricted						2,740,409	-	2,740,409
Investment earnings						1,560	22	1,582
Miscellaneous income						14,792	5	14,797
Total general revenues, special items and transfers						<u>6,796,296</u>	<u>27</u>	<u>6,796,323</u>
Change in net position						447,639	10,367	458,006
Net position - beginning						3,795,690	56,343	3,852,033
Net position - ending						<u>\$ 4,243,329</u>	<u>\$ 66,710</u>	<u>\$ 4,310,039</u>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

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

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

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 897,980	\$ -	\$ -	\$ -	\$ 897,980
Due from other funds	87,537	-	-	-	87,537
Receivables from other governments					
Local	19,069	-	-	-	19,069
State	136,143	-	-	-	136,143
Federal	-	87,598	-	-	87,598
Other accounts receivable	803	-	-	-	803
Restricted cash and cash equivalents	1,510,976	2,209	-	-	1,513,185
<b>Total assets</b>	<b>\$ 2,652,508</b>	<b>\$ 89,807</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,742,315</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 628	\$ 87,537	\$ -	\$ -	\$ 88,165
Accounts payable	20,733	-	-	-	20,733
Payroll deductions and withholdings payable	39,619	-	-	-	39,619
Unearned revenue	-	61	-	-	61
<b>Total liabilities</b>	<b>60,980</b>	<b>87,598</b>	<b>-</b>	<b>-</b>	<b>148,578</b>

See accompanying notes to financial statements.



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

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 225,107	\$ -	\$ -	\$ -	\$ 225,107
Excess surplus - current year	328,950	-	-	-	328,950
Capital reserve	1,138,239	-	-	-	1,138,239
Emergency reserve	80,525	-	-	-	80,525
Maintenance reserve	292,212	-	-	-	292,212
Student activities	-	2,209	-	-	2,209
Committed fund balance					
Encumbrances	68,736	-	-	-	68,736
Assigned fund balance					
Designated for subsequent year's expenditures	132,479	-	-	-	132,479
Unassigned fund balance	325,280	-	-	-	325,280
Total fund balances	2,591,528	2,209	-	-	2,593,737
Total liabilities and fund balances	\$ 2,652,508	\$ 89,807	\$ -	\$ -	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$6,022,842 and the accumulated depreciation is \$2,938,743.	3,084,099
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(659,115)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(775,392)
Total net position of governmental activities	\$ 4,243,329

See accompanying notes to financial statements.

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 4,039,535	\$ -	\$ -	\$ -	\$ 4,039,535
Tuition					
Individuals	21,550	-	-	-	21,550
Other LEAs within the state	54,950	-	-	-	54,950
Interest on investments	1,560	-	-	-	1,560
Miscellaneous	14,792	2,002	-	-	16,794
Total local sources	4,132,387	2,002	-	-	4,134,389
State sources	1,759,045	4,151	-	-	1,763,196
Federal sources	-	215,803	-	-	215,803
Total revenues	5,891,432	221,956	-	-	6,113,388
<b>Expenditures</b>					
Current					
Instructional					
Regular instruction	1,574,262	98,489	-	-	1,672,751
Special education instruction	323,345	9,215	-	-	332,560
Other special instruction	46,298	25,122	-	-	71,420
Other instruction	17,363	-	-	-	17,363
Support service & undistributed costs					
Tuition	38,000	-	-	-	38,000
Student & instruction related services					
General & business administrative services	608,547	81,866	-	-	690,413
School administrative services					
School administrative services	336,926	-	-	-	336,926
Plant operations & maintenance					
Plant operations & maintenance	64,207	-	-	-	64,207
Plant operations & maintenance					
Plant operations & maintenance	391,779	4,151	-	-	395,930
Pupil transportation	147,389	-	-	-	147,389
Unallocated benefits	2,051,652	3,676	-	-	2,055,328

See accompanying notes to financial statements.

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 36,677	\$ -	\$ -	\$ -	\$ 36,677
Debt service					
Interest & other charges	12,687	-	-	-	12,687
Total expenditures	<u>5,649,132</u>	<u>222,519</u>	<u>-</u>	<u>-</u>	<u>5,871,651</u>
Excess (deficit) of revenues over (under) expenditures	242,300	(563)	-	-	241,737
Fund balances, July 1	<u>2,349,228</u>	<u>2,772</u>	<u>-</u>	<u>-</u>	<u>2,352,000</u>
Fund balances, June 30	<u><u>\$ 2,591,528</u></u>	<u><u>\$ 2,209</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,593,737</u></u>

See accompanying notes to financial statements.

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

Total net changes in fund balances - governmental fund (from B-2) \$ 241,737

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

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

Capital outlays	\$ 36,677	
Depreciation expense	<u>(124,004)</u>	(87,327)

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

Amortization of bond premium	8,938
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Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

265,011

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

\$ 19,280

Change in net position of governmental activities

\$ 447,639

See accompanying notes to financial statements.

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

	Food Service Fund	Child Care Program	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 34,586	\$ 7,801	\$ 42,387
Accounts receivable	-	6,996	6,996
Receivables from other governments			
State	105	-	105
Federal	5,753	-	5,753
Inventory	3,582	-	3,582
Interfund receivable	628	-	628
Total current assets	<u>44,654</u>	<u>14,797</u>	<u>59,451</u>
Noncurrent assets			
Capital assets	38,147	-	38,147
Less: accumulated depreciation	28,905	-	28,905
Total noncurrent assets	<u>9,242</u>	<u>-</u>	<u>9,242</u>
Total assets	<u>53,896</u>	<u>14,797</u>	<u>68,693</u>
<b>Liabilities</b>			
Current liabilities			
Unearned revenues - commodities	1,227	-	1,227
Unearned revenues - prepaid sales	724	-	724
Accounts payable	32	-	32
Total liabilities	<u>1,983</u>	<u>-</u>	<u>1,983</u>
<b>Net position</b>			
Net investment in capital assets	9,242	-	9,242
Unrestricted	<u>42,671</u>	<u>14,797</u>	<u>57,468</u>
Total net position	<u>\$ 51,913</u>	<u>\$ 14,797</u>	<u>\$ 66,710</u>

See accompanying notes to financial statements.

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

	Food Service Fund	Child Care Program	Total
Operating revenues			
Charges for services			
Daily sales - non-reimbursable programs	\$ 8,548	\$ -	\$ 8,548
Total operating revenues	<u>8,548</u>	<u>-</u>	<u>8,548</u>
Operating expenses			
Cost of sales - reimbursable programs	23,192	-	23,192
Cost of sales - non reimbursable programs	13,222	-	13,222
Commodity food costs	9,405	-	9,405
Salaries	25,331	-	25,331
Support services - employee benefits	3,610	-	3,610
Purchased professional/technical services	1,565	-	1,565
Purchased property services	2,376	-	2,376
Other purchased services			
Insurance	3,938	-	3,938
Management fee	7,900	-	7,900
Supplies and materials	9,181	-	9,181
Depreciation	1,138	-	1,138
Miscellaneous expenditures	534	-	534
Total operating expenses	<u>101,392</u>	<u>-</u>	<u>101,392</u>
Operating income (loss)	(92,844)	-	(92,844)
Non-operating revenues (expenses)			
State sources			
State school lunch program	1,698	-	1,698
Federal sources			
National school lunch program			
Cash assistance	72,961	-	72,961
Non cash assistance (commodities)	9,405	-	9,405
National school breakfast program	17,878	-	17,878
P-EBT administrative	1,242	-	1,242
Other sources			
Miscellaneous	5	-	5
Interest earned on investments	17	5	22
Total non-operating revenues (expenses)	<u>103,206</u>	<u>5</u>	<u>103,211</u>
Change in net position	10,362	5	10,367
Net position, beginning	<u>41,551</u>	<u>14,792</u>	<u>56,343</u>
Net position, ending	<u>\$ 51,913</u>	<u>\$ 14,797</u>	<u>\$ 66,710</u>

See accompanying notes to financial statements.

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

	Food Service Fund	Child Care Program	Total
Cash flows from operating activities			
Receipts from customers (net)	\$ 6,408	\$ -	\$ 6,408
Payments to Food Service Management Co.	(84,694)	-	(84,694)
Payments to vendors (net)	(10,707)	-	(10,707)
Net cash provided by (used for) operating activities	<u>(88,993)</u>	<u>-</u>	<u>(88,993)</u>
Cash flows from non-capital financing activities			
State sources	1,907	-	1,907
Federal sources	105,113	-	105,113
Miscellaneous	5	-	5
Net interfund transactions	6,974	-	6,974
Net cash provided by (used for) noncapital financing activities	<u>113,999</u>	<u>-</u>	<u>113,999</u>
Cash flows from investing activities			
Interest on investments	17	5	22
Net cash provided by (used for) investing activities	<u>17</u>	<u>5</u>	<u>22</u>
Cash flows from financing activities			
Acquisition of equipment	(2,899)	-	(2,899)
Net cash provided by (used for) financing activities	<u>(2,899)</u>	<u>-</u>	<u>(2,899)</u>
Net increase (decrease) in cash and cash equivalents	22,124	5	22,129
Cash and cash equivalents, beginning	<u>12,462</u>	<u>7,796</u>	<u>20,258</u>
Cash and cash equivalents, ending	<u>\$ 34,586</u>	<u>\$ 7,801</u>	<u>\$ 42,387</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (92,844)	\$ -	\$ (92,844)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	1,138	-	1,138
Federal food donation program	9,405	-	9,405
Increase (decrease) in accounts payable	(3,812)	-	(3,812)
(Increase) decrease in inventory	(80)	-	(80)
Increase (decrease) in unearned revenue	(2,800)	-	(2,800)
Net cash provided by (used for) operating activities	<u>\$ (88,993)</u>	<u>\$ -</u>	<u>\$ (88,993)</u>

See accompanying notes to financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**



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

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Warren, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-6. The District had an approximate enrollment at June 30, 2022 of 198 students.

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

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

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for payroll withholdings for employee salary deductions are included in the general fund.

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

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

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

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

The District did not utilize the debt service fund during the fiscal year.

Additionally, the District reports the following fund types:

Proprietary fund types

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

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

Note 1 - Summary of significant accounting policies (continued)

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

Proprietary fund types (continued)

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

The District's enterprise fund is comprised of the food service fund and child care program.

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

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

Equipment	12 Years
-----------	----------

Fiduciary Fund Types

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

D. Budgets/budgetary control

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

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

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

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

H. Short-term interfund receivable and payables

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

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

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

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

J. Capital assets

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

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

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

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

K. Compensated absences

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

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

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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



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

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

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

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

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

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

Note 2 - Tax assessments and property taxes

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

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

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

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

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

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

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

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

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

Insured by the FDIC	\$ 250,000
Insured by GUDPA	2,421,098
Total bank balances	<u>\$ 2,671,098</u>

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

Cash		<u>\$ 2,453,552</u>
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 897,980
Enterprise funds, Statement of Net Position	B-4	42,387
Restricted cash		
Governmental funds, Balance Sheet	B-1	1,513,185
Total cash		<u>\$ 2,453,552</u>

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

Note 4 - Capital assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 180,000	\$ -	\$ -	\$ 180,000
Total	<u>180,000</u>	<u>-</u>	<u>-</u>	<u>180,000</u>
Capital assets, being depreciated				
Land improvements	112,428	-	5,000	107,428
Building & improvements	5,439,919	3,201	-	5,443,120
Furniture & equipment	<u>273,405</u>	<u>33,477</u>	<u>14,587</u>	<u>292,295</u>
Total	<u>5,825,752</u>	<u>36,678</u>	<u>19,587</u>	<u>5,842,843</u>
Accumulated depreciation				
Land improvements	80,439	1,874	5,000	77,313
Building & improvements	2,557,026	113,691	-	2,670,717
Furniture & equipment	<u>196,861</u>	<u>8,439</u>	<u>14,587</u>	<u>190,713</u>
Total	<u>2,834,326</u>	<u>124,004</u>	<u>19,587</u>	<u>2,938,743</u>
Total capital assets, being depreciated, net	<u>2,991,426</u>	<u>(87,326)</u>	<u>-</u>	<u>2,904,100</u>
Governmental activities capital assets, net	<u>\$ 3,171,426</u>	<u>\$ (87,326)</u>	<u>\$ -</u>	<u>\$ 3,084,100</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 37,543	\$ 2,899	\$ 2,295	\$ 38,147
Less: accumulated depreciation	<u>30,062</u>	<u>1,138</u>	<u>2,295</u>	<u>28,905</u>
Business type activities capital assets, net	<u>\$ 7,481</u>	<u>\$ 1,761</u>	<u>\$ -</u>	<u>\$ 9,242</u>

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

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction			
Regular		\$	64,218
Special education			12,767
Other special instruction			2,742
Other instruction			667
Support services			
Student & instruction			26,505
General & business administration			12,935
School administration			2,465
Plant maintenance			1,705
Total depreciation expense, governmental activities		<u>\$</u>	<u>124,004</u>

Note 5 - Long-term debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Unamortized bond premium	\$ 8,938	\$ -	\$ 8,938	\$ -	\$ -
Compensated absences payable	160,861	-	19,280	141,581	-
PERS net pension liability	<u>883,069</u>	<u>-</u>	<u>249,258</u>	<u>633,811</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 1,052,868</u>	<u>\$ -</u>	<u>\$ 277,476</u>	<u>\$ 775,392</u>	<u>\$ -</u>

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

The general obligation bonded debt of the District is limited by state law to 2.5% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2022 is \$10,536,420. General obligation debt at June 30, 2022 is \$0, resulting in a legal debt margin of \$10,536,420.

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

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

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

The following represents the membership tiers for PERS:

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

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

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

Note 6 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements

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

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

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

Contributions

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



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

Note 6 - Pension plans (continued)

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

Contributions (continued)

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

The District's contractually required contribution rate for the year ended June 30, 2022 was 16.84% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

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

Net pension liability	\$	633,811
Proportionate share		.0053501949%

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

Collective net pension liability and actuarial information

<u>Inflation rate</u>		
Price		2.75%
Wage		3.25%
<u>Salary increases (based on age)</u>		
Through 2026		2.00% - 6.00%
Thereafter		3.00% - 7.00%
Investment rate of return		7.00%

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

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information (continued)

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

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

Long-term expected rate of return

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

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

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

Note 6 - Pension plans (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments and the municipal bond rate was applied to all projected benefit payments to determine the total pension liability.

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

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

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	633,811
At a 1% lower rate (6.00%)		872,323
At a 1% higher rate (8.00%)		443,890

Collective deferred outflows of resources and deferred inflows of resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,996	\$ 4,537
Changes of assumptions	3,301	225,641
Net difference between projected and actual earnings on pension plan investments	-	166,962
Changes in proportion and differences between District contributions and proportionate share of contributions	9,757	347,686
District contributions subsequent to the measurement date	62,657	-
Total	<u>\$ 85,711</u>	<u>\$ 744,826</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2022, the Plan measurement date is June 30, 2021) of \$62,657 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

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

Note 6 - Pension plan (continued)

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

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

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

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 16,079	\$ (6,083)	\$ 9,996
Changes of assumptions	28,648	(25,347)	3,301
Differences between expected and actual earnings on plan investments	30,184	(30,184)	-
Deferred inflows of resources			
Differences between expected and actual experience	(3,123)	(1,414)	(4,537)
Changes of assumptions	(369,749)	144,108	(225,641)
Differences between projected and actual investment earnings on pension plan investments	-	(166,962)	(166,962)
Net of deferred outflows	<u>\$ (297,961)</u>	<u>\$ (85,882)</u>	<u>\$ (383,843)</u>

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

Fiscal Year Ended June 30,

2022	\$ (149,552)
2023	(106,779)
2024	(72,805)
2025	(54,728)
2026	21
Total	<u>\$ (383,843)</u>

Pension expense (benefit)

For the fiscal year ended June 30, 2022, the District recognized net pension expense (benefit) of (\$202,354), which represents the District's proportionate share of allocable plan pension expense of (\$86,553) plus the net amortization of deferred amounts from changes in proportion of (\$112,383), and plus other adjustments to the net pension liability of (\$3,418). The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2021 measurement date are as follows:

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

Note 6 -

Pension plan (continued)

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

Pension expense (continued)

Service cost	\$	37,325
Interest on total pension liability		146,675
Benefit changes		-
Member contributions		(30,367)
Administrative expense		531
Expected investment return net of investment expense		(80,020)
Pension expense related to specific liabilities of individual employers		(374)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		4,110
Changes of assumptions		(111,337)
Difference between projected and actual investment earnings on pension plan investments		(53,096)
Pension expense (benefit)	\$	(86,553)

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

Plan description

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

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

The following represents the membership tiers for TPAF:

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

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

Note 6 - Pension plan (continued)

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

Plan description (continued)

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

Contributions

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

Special funding situation

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

During the state fiscal year ended June 30, 2021, the State of New Jersey contributed \$569,952 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

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

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

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information

District proportionate share of net pension liability	\$ 14,500,748
Less: State proportionate share of net pension liability	5,150,668
Net pension liability	\$ 9,350,080

Proportionate share .0194488683%

Plan fiduciary net position as a percentage of the total pension liability 35.52%

Actuarial assumptions

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

<u>Inflation rate</u>	
Price	2.75%
Wage	3.25%
<u>Salary increases (based on years of service)</u>	
Through 2026	1.55 - 4.55%
Thereafter	2.75 - 5.65%
<u>Investment rate of return</u>	7.00%

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

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.

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

Note 6 - Pension plan (continued)

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

Long-term expected rate of return

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

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

Discount rate

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



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

Note 6 - Pension plan (continued)

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

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

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

District's Proportionate Share of the Net Pension Liability

At current discount rate (7.00%)	\$	9,350,080
At a 1% lower rate (6.00%)		11,062,707
At a 1% higher rate (8.00%)		7,911,582

Pension expense

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

Service cost	\$	341,559
Interest on total pension liability		911,550
Benefit changes		-
Member contributions		(171,538)
Administrative expense		1,755
Expected investment return net of investment expense		(283,204)
Pension expense related to specific liabilities of individual employers		(78)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		39,186
Changes of assumptions		(438,087)
Difference between projected and actual investment earnings on pension plan investments		(181,132)
Pension expense	\$	<u>220,011</u>

C. Defined contribution retirement program

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

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

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's net contribution to the DCRP for fiscal year ended 2022 was \$2,105.

D. Other pension plan information

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$186,170 to the TPAF for postretirement medical benefits, \$11,086 for non-contributory insurance premiums, \$288 for long-term disability insurance, and \$785,734 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$168,793 during the fiscal year ended June 30, 2022 for the employer's share of Social Security Contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

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

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

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

Note 7 - Postretirement benefits (continued)

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

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

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

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

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

Total OPEB liability

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

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

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

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

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

State's proportionate share of the OPEB liability	\$ 60,007,650,970
District's proportionate share of the State's OPEB liability	15,577,769
Employer OPEB expense and related revenue	761,353
Allocable proportionate percentage	0.4415877875%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2020	\$ 17,721,190
Service cost	680,652
Interest cost	404,104
Change of benefit terms	(16,581)
Differences between expected and actual experiences	(2,918,975)
Changes of assumptions	15,369
Member contributions	10,331
Gross benefit payments	(318,321)
Total OPEB liability at June 30, 2021	\$ 15,577,769

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

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

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

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

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

Inflation rate	2.50%	
	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	2.75% - 5.65%	3.00% - 7.00%

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

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

Health care trend assumptions

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

Discount rate

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

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

Note 7 - Postretirement benefits (continued)

Discount Rate (Continued)

Sensitivity of the total OPEB liability to changes in the discount rates

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

Total OPEB Liability (school retirees)

At current discount rate (2.16%)	\$ 15,577,769
At a 1% lower rate (1.16%)	317,412,178
At a 1% higher rate (3.16%)	223,704,351

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 15,577,769
At a 1% lower rate (1% decrease)	214,507,399
At a 1% higher rate (1% increase)	332,776,104

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$761,353 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

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

Equitable Insurance Co.	Prudential Insurance Co.
NEA Retirement Plan through Security Benefit	

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

Note 9 - Interfund receivable and payables

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

	Receivable	Payable
General fund	\$ 87,537	\$ 628
Special revenue fund	-	87,537
Food service fund	628	-
	\$ 88,165	\$ 88,165

The balance due from the special revenue fund due to the general fund represents a loan from the general fund of \$87,537 due to cash flow issues relating to the delayed receipt of grant revenues. The balance due from the general fund of \$628 to the food service fund represents receipts not yet transferred to the food service fund.

Note 10 - Inventory

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

Food	\$ 2,188
Supplies	1,394
Total	\$ 3,582

Note 11 - Contingent liabilities

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

Note 12 - Risk management

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

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

*New Jersey Unemployment Compensation Insurance* - The District has elected to fund its NJ Unemployment Compensation Insurance under the Contributory Method. Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

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

Note 13 - District reserve accounts

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

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to the state statute the District deposited \$200,000 to their capital reserve account by Board Resolution in June 2022 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 937,709	\$ 200,000	\$ 530	\$ -	\$ -	\$ 1,138,239
Emergency	80,525	-	-	-	-	80,525
Maintenance	292,212	-	-	-	-	292,212
Total	<u>\$ 1,310,446</u>	<u>\$ 200,000</u>	<u>\$ 530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,510,976</u>



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

Note 14 - Fund balance

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

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 225,107
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets.	328,950
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,138,239
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	80,525
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	292,212

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	68,736
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Assigned

Designated surplus - Designated for Subsequent Year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	132,479
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	369,565
Total fund balance - Budgetary basis (Exhibit C-1)	2,635,813
Last state aid payments not recognized on GAAP basis	(44,285)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 2,591,528

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$328,950.

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

- Note 16 - Recent accounting pronouncements not yet effective  
The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.
- In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.
- In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.
- Note 17 - Deficit balance in unrestricted net position  
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2022 of (\$353,955) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.
- Note 18 - Risks and uncertainties  
On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The COVID-19 outbreak) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.
- The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.
- Note 19 - Subsequent events  
The District has evaluated subsequent events through March 8, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

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

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 4,039,535	\$ -	\$ 4,039,535	\$ 4,039,535	\$ -
Tuition from individuals	15,000	-	15,000	21,550	6,550
Tuition from other LEAs within the state	-	-	-	54,950	54,950
Unrestricted miscellaneous revenues	12,500	-	12,500	15,822	3,322
Interest earned on current expense emergency reserve	100	-	100	-	(100)
Interest earned on capital reserve funds	1,000	-	1,000	530	(470)
<b>Total</b>	<b>4,068,135</b>	<b>-</b>	<b>4,068,135</b>	<b>4,132,387</b>	<b>64,252</b>
<b>State sources</b>					
Categorical transportation aid	16,087	-	16,087	16,087	-
Extraordinary aid	-	-	-	115,795	115,795
Categorical special education aid	147,307	-	147,307	147,307	-
Equalization aid	288,134	-	288,134	288,134	-
Categorical security aid	4,013	-	4,013	4,013	-
Other state aid	-	-	-	3,770	3,770
<b>State reimbursements from Securing Our Children's</b>					
Future Bond Act	-	-	-	20,000	20,000
TPAF Pension (on-behalf)	-	-	-	785,734	785,734
TPAF Non-contributory insurance	-	-	-	11,086	11,086
TPAF Social Security (reimbursed)	-	-	-	168,793	168,793
TPAF Postretirement benefits	-	-	-	186,170	186,170
TPAF Long-term disability insurance	-	-	-	288	288
<b>Total</b>	<b>455,541</b>	<b>-</b>	<b>455,541</b>	<b>1,747,177</b>	<b>1,291,636</b>
<b>Total revenues</b>	<b>\$ 4,523,676</b>	<b>\$ -</b>	<b>\$ 4,523,676</b>	<b>\$ 5,879,564</b>	<b>\$ 1,355,888</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction - regular program</b>					
<b>Salaries of teachers</b>					
Preschool	\$ 72,975	\$ -	\$ 72,975	\$ 65,175	\$ 7,800
Kindergarten	229,425	(24,900)	204,525	175,759	28,766
Grades 1-5	1,054,875	-	1,054,875	1,011,237	43,638
Grades 6-8	201,553	-	201,553	175,531	26,022
<b>Regular programs - undistributed instruction</b>					
Other purchased services	16,000	-	16,000	6,550	9,450
General supplies	127,922	(13,500)	114,422	95,765	18,657
Textbooks	73,933	12,000	85,933	40,109	45,824
Other objects	8,000	-	8,000	4,136	3,864
<b>Total</b>	<b>1,784,683</b>	<b>(26,400)</b>	<b>1,758,283</b>	<b>1,574,262</b>	<b>184,021</b>
<b>Special education</b>					
<b>Multiple disabilities</b>					
Salaries of teachers	65,950	(300)	65,650	61,918	3,732
General supplies	3,000	300	3,300	1,324	1,976
<b>Total</b>	<b>68,950</b>	<b>-</b>	<b>68,950</b>	<b>63,242</b>	<b>5,708</b>

See independent auditors' report.

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

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Resource room/resource center					
Salaries of teachers	\$ 101,000	\$ 62,700	\$ 163,700	\$ 163,629	\$ 71
Other salaries for instruction	108,852	(8,000)	100,852	95,143	5,709
General supplies	3,794	(2,000)	1,794	856	938
Total	<u>213,646</u>	<u>52,700</u>	<u>266,346</u>	<u>259,628</u>	<u>6,718</u>
Home instruction					
Salaries of teachers	22,000	-	22,000	475	21,525
Total	<u>22,000</u>	<u>-</u>	<u>22,000</u>	<u>475</u>	<u>21,525</u>
Total special education	<u>304,596</u>	<u>52,700</u>	<u>357,296</u>	<u>323,345</u>	<u>33,951</u>
Basic skills/remedial					
Salaries of teachers	81,825	(31,000)	50,825	45,991	4,834
General supplies	500	-	500	307	193
Total	<u>82,325</u>	<u>(31,000)</u>	<u>51,325</u>	<u>46,298</u>	<u>5,027</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	14,500	-	14,500	4,458	10,042
Supplies and materials	1,500	-	1,500	613	887
Total	<u>16,000</u>	<u>-</u>	<u>16,000</u>	<u>5,071</u>	<u>10,929</u>
Summer school - instruction					
Salaries of teachers	14,850	-	14,850	6,078	8,772
Other salaries of instruction	9,960	-	9,960	6,214	3,746
General supplies	200	-	200	-	200
Other objects	500	-	500	-	500
Total	<u>25,510</u>	<u>-</u>	<u>25,510</u>	<u>12,292</u>	<u>13,218</u>
Total instruction regular	<u>\$ 2,213,114</u>	<u>\$ (4,700)</u>	<u>\$ 2,208,414</u>	<u>\$ 1,961,268</u>	<u>\$ 247,146</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 43,500	\$ -	\$ 43,500	\$ 38,000	\$ 5,500
Total	<u>43,500</u>	<u>-</u>	<u>43,500</u>	<u>38,000</u>	<u>5,500</u>
Undistributed expenditures - health services					
Salaries	77,850	3,800	81,650	81,595	55
Purchased professional and technical services	1,250	(400)	850	25	825
Supplies and materials	2,548	900	3,448	3,085	363
Total	<u>81,648</u>	<u>4,300</u>	<u>85,948</u>	<u>84,705</u>	<u>1,243</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	52,250	8,000	60,250	58,973	1,277
Purchased professional - educational services	108,660	(15,700)	92,960	6,844	86,116
Supplies and materials	2,500	-	2,500	671	1,829
Total	<u>163,410</u>	<u>(7,700)</u>	<u>155,710</u>	<u>66,488</u>	<u>89,222</u>

See independent auditors' report.

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

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	\$ 91,300	\$ -	\$ 91,300	\$ 82,620	\$ 8,680
Total	91,300	-	91,300	82,620	8,680
Undistributed expenditures - guidance					
Purchased professional - educational services	2,100	-	2,100	1,300	800
Total	2,100	-	2,100	1,300	800
Undistributed expenditures - child study teams					
Salaries of other professional staff	230,250	(5,100)	225,150	215,161	9,989
Salaries of secretarial and clerical assistants	18,900	300	19,200	19,178	22
Purchased professional - educational services	3,000	1,500	4,500	3,073	1,427
Other purchased services	350	-	350	135	215
Supplies and materials	2,000	(500)	1,500	925	575
Other objects	2,800	-	2,800	2,723	77
Total	257,300	(3,800)	253,500	241,195	12,305
Undistributed expenditures - improvement of inst. service					
Other purchased services	25,350	4,125	29,475	29,407	68
Total	25,350	4,125	29,475	29,407	68
Undistributed expenditures - edu. media service/sch. library					
Salaries	34,650	-	34,650	32,474	2,176
Purchased professional and technical services	66,600	350	66,950	66,948	2
Other purchased services	300	-	300	-	300
Supplies and materials	1,000	(350)	650	413	237
Other objects	500	-	500	470	30
Total	103,050	-	103,050	100,305	2,745
Undistributed expenditures - instructional staff training services					
Other purchased services	1,500	-	1,500	238	1,262
Supplies and materials	1,000	-	1,000	110	890
Other objects	11,094	(3,125)	7,969	2,179	5,790
Total	13,594	(3,125)	10,469	2,527	7,942
Undistributed expend. - support service - general admin.					
Salaries	158,000	(1,700)	156,300	150,348	5,952
Legal services	8,000	(3,100)	4,900	2,275	2,625
Audit fees	16,750	-	16,750	16,700	50
Architectural/engineering services	2,500	-	2,500	-	2,500
Communications/telephone	3,700	-	3,700	2,404	1,296
BOE other purchased services	500	-	500	261	239
Miscellaneous purchased services	4,600	1,700	6,300	5,669	631
General supplies	2,000	-	2,000	1,803	197
Miscellaneous expenditures	9,148	4,950	14,098	12,499	1,599
BOE membership dues and fees	3,650	(1,850)	1,800	-	1,800
Total	208,848	-	208,848	191,959	16,889

See independent auditors' report.

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

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expend. - support service - school admin.					
Salaries of secretarial and clerical assistants	\$ 47,150	\$ -	\$ 47,150	\$ 47,125	\$ 25
Supplies and materials	1,000	-	1,000	652	348
Total	<u>48,150</u>	<u>-</u>	<u>48,150</u>	<u>47,777</u>	<u>373</u>
Undistributed expenditures - central services					
Salaries	148,175	(3,075)	145,100	142,811	2,289
Miscellaneous purchased services	350	-	350	-	350
Supplies and materials	900	2,500	3,400	959	2,441
Other objects	1,800	-	1,800	1,197	603
Total	<u>151,225</u>	<u>(575)</u>	<u>150,650</u>	<u>144,967</u>	<u>5,683</u>
Undistributed expenditures - admin. info. technology					
Purchased professional services	7,350	575	7,925	7,925	-
Purchased technical services	8,750	-	8,750	8,505	245
Total	<u>16,100</u>	<u>575</u>	<u>16,675</u>	<u>16,430</u>	<u>245</u>
Undistributed expend. - required maint. for school facilities					
Salaries	75,625	-	75,625	75,606	19
Cleaning, repair, and maintenance services	28,850	1,000	29,850	27,159	2,691
Total	<u>104,475</u>	<u>1,000</u>	<u>105,475</u>	<u>102,765</u>	<u>2,710</u>
Undistributed expenditures - custodial services					
Salaries	104,290	(1,100)	103,190	102,449	741
Purchased professional and technical services	1,800	3,300	5,100	5,045	55
Cleaning, repair, and maintenance service	5,000	8,100	13,100	8,094	5,006
Insurance	36,500	9,100	45,600	45,534	66
Miscellaneous purchased services	7,700	(1,450)	6,250	5,628	622
General supplies	37,937	500	38,437	37,904	533
Energy (natural gas)	26,000	7,300	33,300	33,221	79
Energy (electricity)	49,500	(7,800)	41,700	41,170	530
Other objects	1,800	150	1,950	1,206	744
Total	<u>270,527</u>	<u>18,100</u>	<u>288,627</u>	<u>280,251</u>	<u>8,376</u>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	10,300	-	10,300	5,440	4,860
General supplies	5,970	-	5,970	2,714	3,256
Total	<u>16,270</u>	<u>-</u>	<u>16,270</u>	<u>8,154</u>	<u>8,116</u>
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	10,400	(10,000)	400	-	400
General supplies	700	-	700	421	279
Other objects	888	-	888	188	700
Total	<u>11,988</u>	<u>(10,000)</u>	<u>1,988</u>	<u>609</u>	<u>1,379</u>

See independent auditors' report.



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

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	\$ 1,000	\$ 8,200	\$ 9,200	\$ 8,585	\$ 615
Contract serv. - aid in lieu pymts - non-public schools	12,000	-	12,000	11,072	928
Contract serv. - aid in lieu pymts - choice school students	2,000	2,200	4,200	4,117	83
Contract serv. (between home & school) - vendors	84,200	9,000	93,200	93,098	102
Contract serv. (spl. ed. students) - ESCs & CTSAAs	95,000	(19,400)	75,600	29,342	46,258
Other objects	6,000	-	6,000	1,175	4,825
Total	<u>200,200</u>	<u>-</u>	<u>200,200</u>	<u>147,389</u>	<u>52,811</u>
Unallocated benefits - employee benefits					
Social Security contributions	56,612	(4,000)	52,612	49,070	3,542
Other retirement contributions - PERS	71,000	-	71,000	62,657	8,343
Other retirement contributions - regular	5,000	-	5,000	2,102	2,898
Unemployment compensation	13,000	-	13,000	10,480	2,520
Workmen's compensation	35,000	(9,100)	25,900	23,169	2,731
Health benefits	627,000	-	627,000	621,423	5,577
Tuition reimbursement	30,000	-	30,000	26,187	3,813
Other employee benefits	101,500	4,000	105,500	104,493	1,007
Total	<u>939,112</u>	<u>(9,100)</u>	<u>930,012</u>	<u>899,581</u>	<u>30,431</u>
On-behalf TPAF Pension contribution	-	-	-	785,734	(785,734)
On-behalf TPAF Non-contributory insurance	-	-	-	11,086	(11,086)
On-behalf TPAF Postretirement medical benefits	-	-	-	186,170	(186,170)
On-behalf TPAF Long-term disability insurance	-	-	-	288	(288)
Reimbursed TPAF Social Security contribution	-	-	-	168,793	(168,793)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,152,071</u>	<u>(1,152,071)</u>
Total undistributed expenditures	<u>\$ 2,748,147</u>	<u>\$ (6,200)</u>	<u>\$ 2,741,947</u>	<u>\$ 3,638,500</u>	<u>\$ (896,553)</u>
Total current	<u>\$ 4,961,261</u>	<u>\$ (10,900)</u>	<u>\$ 4,950,361</u>	<u>\$ 5,599,768</u>	<u>\$ (649,407)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - care and upkeep of grounds	\$ 8,332	\$ 10,900	\$ 19,232	\$ 19,032	\$ 200
Undistributed expenditures - security	17,645	-	17,645	17,645	-
Total equipment	<u>25,977</u>	<u>10,900</u>	<u>36,877</u>	<u>36,677</u>	<u>200</u>
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	12,687	-	12,687	12,687	-
Total facilities acquisition and construction service	<u>12,687</u>	<u>-</u>	<u>12,687</u>	<u>12,687</u>	<u>-</u>
Total capital outlay	<u>\$ 38,664</u>	<u>\$ 10,900</u>	<u>\$ 49,564</u>	<u>\$ 49,364</u>	<u>\$ 200</u>
Total expenditures	<u>\$ 4,999,925</u>	<u>\$ -</u>	<u>\$ 4,999,925</u>	<u>\$ 5,649,132</u>	<u>\$ (649,207)</u>

See independent auditors' report.

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

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Excess (deficiency) of revenues over (under) expenditures	\$ (476,249)	\$ -	\$ (476,249)	\$ 230,432	\$ 706,681
Other financing sources (uses)					
Operating transfer out					
Transfer to food service fund - board contribution	(10,000)	-	(10,000)	-	10,000
Total other financing sources (uses)	(10,000)	-	(10,000)	-	10,000
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(486,249)	-	(486,249)	230,432	716,681
Fund balances, July 1	2,405,381	-	2,405,381	2,405,381	-
Fund balances, June 30	\$ 1,919,132	\$ -	\$ 1,919,132	\$ 2,635,813	\$ 716,681
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (138,173)	\$ -	\$ (138,173)	\$ (138,173)	\$ -
Increase in capital reserve	-	200,000	200,000	200,000	-
Interest deposit to capital reserve	1,000	-	1,000	530	(470)
Interest earned on emergency reserve	100	-	100	-	(100)
Budgeted fund balance	(349,176)	(200,000)	(549,176)	168,075	717,251
Total	\$ (486,249)	\$ -	\$ (486,249)	\$ 230,432	\$ 716,681
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 225,107	
Excess surplus - current year				328,950	
Capital reserve				1,138,239	
Emergency reserve				80,525	
Maintenance reserve				292,212	
Committed fund balance					
Year-end encumbrances				68,736	
Assigned fund balance					
Designated for subsequent year's expenditures				132,479	
Unassigned fund balance				369,565	
Fund balance per budgetary basis				2,635,813	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(44,285)	
Fund balance per governmental funds (GAAP)				\$ 2,591,528	

See independent auditors' report.

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Federal sources	\$ 614,561	\$ 7,992	\$ 622,553	\$ 215,353	\$ (407,200)
State sources	4,151	-	4,151	4,151	-
Local sources	2,000	-	2,000	2,002	2
Total revenues	<u>\$ 620,712</u>	<u>\$ 7,992</u>	<u>\$ 628,704</u>	<u>\$ 221,506</u>	<u>\$ (407,198)</u>
Expenditures					
Instruction					
Salaries	\$ 154,067	\$ 15,201	\$ 169,268	\$ 57,281	\$ 111,987
Purchased professional & technical services	3,000	-	3,000	-	3,000
Other purchased services	2,400	-	2,400	-	2,400
General supplies	191,146	95,644	286,790	62,698	224,092
Other objects	20,847	-	20,847	12,397	8,450
Total	<u>371,460</u>	<u>110,845</u>	<u>482,305</u>	<u>132,376</u>	<u>349,929</u>
Support services					
Employee benefits	11,786	(5,663)	6,123	3,676	2,447
Purchased professional & technical services	111,384	(54,215)	57,169	49,469	7,700
Other purchased services	24,751	780	25,531	9,531	16,000
General supplies	55,511	(7,000)	48,511	26,452	22,059
Student activities	-	565	565	565	-
Total	<u>203,432</u>	<u>(65,533)</u>	<u>137,899</u>	<u>89,693</u>	<u>48,206</u>
Capital outlay					
Facilities	37,320	(37,320)	-	-	-
Equipment	8,500	-	8,500	-	8,500
Total	<u>45,820</u>	<u>(37,320)</u>	<u>8,500</u>	<u>-</u>	<u>8,500</u>
Total expenditures	<u>\$ 620,712</u>	<u>\$ 7,992</u>	<u>\$ 628,704</u>	<u>\$ 222,069</u>	<u>\$ 406,635</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ (563)	\$ (563)
Fund balances, July 1	<u>2,772</u>	<u>-</u>	<u>2,772</u>	<u>2,772</u>	<u>-</u>
Fund balances, June 30	<u>\$ 2,772</u>	<u>\$ -</u>	<u>\$ 2,772</u>	<u>\$ 2,209</u>	<u>\$ 563</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 2,209	
Fund balance per budgetary basis				<u>\$ 2,209</u>	

See independent auditors' report.

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

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 5,879,564	\$ 221,506
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	450
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	56,153	-
State aid receivable current year	(44,285)	-
Total revenues (GAAP basis)	<u>\$ 5,891,432</u>	<u>\$ 221,956</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 5,649,132	\$ 222,069
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	450
Total expenditures (GAAP basis)	<u>\$ 5,649,132</u>	<u>\$ 222,519</u>

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2013	0.0072313838%	\$ 1,382,061	\$ 488,534	282.90%	48.72%
2014	0.0067273132%	1,259,537	485,918	259.21%	52.08%
2015	0.0076036503%	1,706,867	505,671	337.54%	47.93%
2016	0.0083863347%	2,483,792	564,298	440.16%	40.14%
2017	0.0088971940%	2,071,125	551,911	375.26%	48.10%
2018	0.0072196307%	1,421,509	474,362	299.67%	53.60%
2019	0.0066918512%	1,205,770	394,659	305.52%	56.27%
2020	0.0054151491%	883,069	390,000	226.43%	58.32%
2021	0.0053501949%	633,811	385,023	164.62%	70.33%
2022	N/A	N/A	371,995	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 55,064	\$ (55,064)	\$ -	\$ 488,534	11.27%
2014	54,487	(54,487)	-	485,918	11.21%
2015	55,459	(55,459)	-	505,671	10.97%
2016	65,371	(65,371)	-	564,298	11.58%
2017	74,503	(74,503)	-	551,911	13.50%
2018	82,423	(82,423)	-	474,362	17.38%
2019	71,812	(71,812)	-	394,659	18.20%
2020	65,092	(65,092)	-	390,000	16.69%
2021	59,239	(59,239)	-	385,023	15.39%
2022	62,657	(62,657)	-	371,995	16.84%

N/A = Information not available

See independent auditors' report.



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

	<u>Proportionate share of net pension liability (asset)</u>				<u>District's covered employee payroll</u>	<u>District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as as a percentage of the total pension liability</u>
	<u>District's proportion</u>		<u>State's proportion</u>	<u>Total</u>			
	<u>Percentage</u>	<u>Value</u>					
2013	0.00%	\$ -	\$ 10,215,301	\$ 10,215,301	\$ 2,125,012	0.00%	33.76%
2014	0.00%	-	11,491,609	11,491,609	2,026,913	0.00%	33.64%
2015	0.00%	-	13,824,384	13,824,384	1,971,474	0.00%	28.71%
2016	0.00%	-	16,650,004	16,650,004	2,081,248	0.00%	22.33%
2017	0.00%	-	12,929,548	12,929,548	2,150,850	0.00%	25.41%
2018	0.00%	-	12,973,591	12,973,591	2,138,041	0.00%	26.49%
2019	0.00%	-	12,584,425	12,584,425	2,153,000	0.00%	26.95%
2020	0.00%	-	13,107,797	13,107,797	2,133,069	0.00%	24.60%
2021	0.00%	-	9,350,080	9,350,080	2,215,209	0.00%	35.52%
2022	N/A	N/A	N/A	N/A	2,131,212	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 130,604	\$ (130,604)	\$ -	\$ 2,125,012	6.15%
2014	90,958	(90,958)	-	2,026,913	4.49%
2015	118,251	(118,251)	-	1,971,474	6.00%
2016	169,458	(169,458)	-	2,081,248	8.14%
2017	215,699	(215,699)	-	2,150,850	10.03%
2018	307,605	(307,605)	-	2,138,041	14.39%
2019	411,736	(411,736)	-	2,153,000	19.12%
2020	412,292	(412,292)	-	2,133,069	19.33%
2021	451,073	(451,073)	-	2,215,209	20.36%
2022	569,952	(569,952)	-	2,131,212	26.74%

N/A = Information not available

See independent auditors' report.

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

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

	Proportionate share of other postemployment employee benefits liability (asset)			Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 13,625,025	\$ 13,625,025	\$ 2,702,761	0.00%	0.00%
2018	0.00%	-	12,990,133	12,990,133	2,612,403	0.00%	0.00%
2019	0.00%	-	11,117,791	11,117,791	2,547,659	0.00%	0.00%
2020	0.00%	-	17,721,190	17,721,190	2,523,069	0.00%	0.00%
2021	0.00%	-	15,577,769	15,577,769	2,600,232	0.00%	0.00%
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

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

## **SPECIAL REVENUE FUND**

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

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

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IV	Rural Education Achievement Program	Total
<b>Revenues</b>							
Federal sources	\$ 103,485	\$ 52,734	\$ 2,115	\$ 27,044	\$ 10,447	\$ 19,528	\$ 215,353
State sources	4,151	-	-	-	-	-	4,151
Local sources	2,002	-	-	-	-	-	2,002
<b>Total revenues</b>	<b>\$ 109,638</b>	<b>\$ 52,734</b>	<b>\$ 2,115</b>	<b>\$ 27,044</b>	<b>\$ 10,447</b>	<b>\$ 19,528</b>	<b>\$ 221,506</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 23,000	\$ -	\$ -	\$ 25,122	\$ 4,017	\$ 5,142	\$ 57,281
General supplies	54,978	-	-	-	6,124	1,596	62,698
Other objects	-	-	-	-	-	12,397	12,397
<b>Total</b>	<b>77,978</b>	<b>-</b>	<b>-</b>	<b>25,122</b>	<b>10,141</b>	<b>19,135</b>	<b>132,376</b>
<b>Support services</b>							
Employee benefits	1,055	-	-	1,922	306	393	3,676
Purchased professional and technical services	-	47,354	2,115	-	-	-	49,469
Other purchased services	4,151	5,380	-	-	-	-	9,531
General supplies	26,452	-	-	-	-	-	26,452
Student activities	565	-	-	-	-	-	565
<b>Total</b>	<b>32,223</b>	<b>52,734</b>	<b>2,115</b>	<b>1,922</b>	<b>306</b>	<b>393</b>	<b>89,693</b>
<b>Total expenditures</b>	<b>\$ 110,201</b>	<b>\$ 52,734</b>	<b>\$ 2,115</b>	<b>\$ 27,044</b>	<b>\$ 10,447</b>	<b>\$ 19,528</b>	<b>\$ 222,069</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (563)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (563)
Fund balances, July 1	2,772	-	-	-	-	-	2,772
Fund balances, June 30	\$ 2,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,209

See independent auditors' report.

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

	Total Brought Forward	CARES Emergency Relief	CRRSA ESSER II	CRSSA Learning Acceleration	ARP ESSER	Total Carried Forward
<b>Revenues</b>						
Federal sources	\$ 9,215	\$ 8,527	\$ 46,452	\$ 6,513	\$ 32,778	\$ 103,485
State sources	4,151	-	-	-	-	4,151
Local sources	2,002	-	-	-	-	2,002
<b>Total revenues</b>	<b>\$ 15,368</b>	<b>\$ 8,527</b>	<b>\$ 46,452</b>	<b>\$ 6,513</b>	<b>\$ 32,778</b>	<b>\$ 109,638</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ 9,215	\$ 7,735	\$ -	\$ 6,050	\$ -	\$ 23,000
General supplies	-	200	22,000	-	32,778	54,978
Other objects	-	-	-	-	-	-
<b>Total</b>	<b>9,215</b>	<b>7,935</b>	<b>22,000</b>	<b>6,050</b>	<b>32,778</b>	<b>77,978</b>
<b>Support services</b>						
Employee benefits	-	592	-	463	-	1,055
Purchased professional and technical services	-	-	-	-	-	-
Other purchased services	4,151	-	-	-	-	4,151
General supplies	2,000	-	24,452	-	-	26,452
Student activities	565	-	-	-	-	565
<b>Total</b>	<b>6,716</b>	<b>592</b>	<b>24,452</b>	<b>463</b>	<b>-</b>	<b>32,223</b>
<b>Total expenditures</b>	<b>\$ 15,931</b>	<b>\$ 8,527</b>	<b>\$ 46,452</b>	<b>\$ 6,513</b>	<b>\$ 32,778</b>	<b>\$ 110,201</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (563)	\$ -	\$ -	\$ -	\$ -	\$ (563)
Fund balances, July 1	2,772	-	-	-	-	2,772
Fund balances, June 30	\$ 2,209	\$ -	\$ -	\$ -	\$ -	\$ 2,209

See independent auditors' report.



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

	ARP IDEA Basic	ARP IDEA Preschool	SDA Emergent Capital and Maintenance Needs	Local Grants	Student Activities	Total Carried Forward
<b>Revenues</b>						
Federal sources	\$ 8,491	\$ 724	\$ -	\$ -	\$ -	\$ 9,215
State sources	-	-	4,151	-	-	4,151
Local sources	-	-	-	2,000	2	2,002
<b>Total revenues</b>	<b>\$ 8,491</b>	<b>\$ 724</b>	<b>\$ 4,151</b>	<b>\$ 2,000</b>	<b>\$ 2</b>	<b>\$ 15,368</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ 8,491	\$ 724	\$ -	\$ -	\$ -	\$ 9,215
General supplies	-	-	-	-	-	-
Other objects	-	-	-	-	-	-
<b>Total</b>	<b>8,491</b>	<b>724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,215</b>
<b>Support services</b>						
Employee benefits	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-
Other purchased services	-	-	4,151	-	-	4,151
General supplies	-	-	-	2,000	-	2,000
Student activities	-	-	-	-	565	565
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,151</b>	<b>2,000</b>	<b>565</b>	<b>6,716</b>
<b>Total expenditures</b>	<b>\$ 8,491</b>	<b>\$ 724</b>	<b>\$ 4,151</b>	<b>\$ 2,000</b>	<b>\$ 565</b>	<b>\$ 15,931</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ (563)	\$ (563)
Fund balances, July 1	-	-	-	-	2,772	2,772
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ 2,209	\$ 2,209

See independent auditors' report.

## **CAPITAL PROJECTS FUND**

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

(NOT APPLICABLE TO THIS REPORT)

## **PROPRIETARY FUNDS**

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

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

## **FIDUCIARY FUNDS**

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

(NOT APPLICABLE TO THIS REPORT)

## **LONG-TERM DEBT SCHEDULES**

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

(NOT APPLICABLE TO THIS REPORT)

## **STATISTICAL SECTION**

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

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

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Government activities										
Net investment in capital assets	\$ 2,532,279	\$ 2,625,277	\$ 2,736,966	\$ 2,742,021	\$ 2,796,778	\$ 2,857,856	\$ 2,947,378	\$ 3,049,655	\$ 3,171,426	\$ 3,084,099
Restricted	591,655	565,175	659,060	700,218	681,726	768,999	974,800	1,086,756	1,313,218	1,513,185
Unrestricted	262,364	(988,453)	(845,665)	(823,624)	(931,326)	(1,038,587)	(1,051,865)	(859,636)	(688,954)	(353,955)
Total governmental activities	<u>\$ 3,386,298</u>	<u>\$ 2,201,999</u>	<u>\$ 2,550,361</u>	<u>\$ 2,618,615</u>	<u>\$ 2,547,178</u>	<u>\$ 2,588,268</u>	<u>\$ 2,870,313</u>	<u>\$ 3,276,775</u>	<u>\$ 3,795,690</u>	<u>\$ 4,243,329</u>
Business-type activities										
Net investment in capital assets	\$ 3,390	\$ 2,929	\$ 2,467	\$ 2,006	\$ 1,544	\$ 1,083	\$ 622	\$ 541	\$ 7,481	\$ 9,242
Unrestricted	28,850	46,333	36,893	48,771	39,000	27,248	23,509	22,498	48,862	57,468
Total business-type activities	<u>\$ 32,240</u>	<u>\$ 49,262</u>	<u>\$ 39,360</u>	<u>\$ 50,777</u>	<u>\$ 40,544</u>	<u>\$ 28,331</u>	<u>\$ 24,131</u>	<u>\$ 23,039</u>	<u>\$ 56,343</u>	<u>\$ 66,710</u>
District-wide										
Net investment in capital assets	\$ 2,535,669	\$ 2,628,206	\$ 2,739,433	\$ 2,744,027	\$ 2,798,322	\$ 2,858,939	\$ 2,948,000	\$ 3,050,196	\$ 3,178,907	\$ 3,093,341
Restricted	591,655	565,175	659,060	700,218	681,726	768,999	974,800	1,086,756	1,313,218	1,513,185
Unrestricted	291,214	(942,120)	(808,772)	(774,853)	(892,326)	(1,011,339)	(1,028,356)	(837,138)	(640,092)	(296,487)
Total district-wide	<u>\$ 3,418,538</u>	<u>\$ 2,251,261</u>	<u>\$ 2,589,721</u>	<u>\$ 2,669,392</u>	<u>\$ 2,587,722</u>	<u>\$ 2,616,599</u>	<u>\$ 2,894,444</u>	<u>\$ 3,299,814</u>	<u>\$ 3,852,033</u>	<u>\$ 4,310,039</u>

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

\* as restated

See independent auditors' report.



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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,262,741	\$ 2,065,010	\$ 2,605,769	\$ 2,427,501	\$ 2,756,167	\$ 3,045,040	\$ 3,164,264	\$ 2,724,758	\$ 3,628,440	\$ 3,324,956
Special education	452,304	545,851	630,855	915,047	953,543	764,202	758,014	909,937	540,612	649,226
Other special education	358,037	389,897	215,352	113,058	156,186	409,246	386,796	247,617	255,530	118,104
Other instruction	23,605	37,360	45,694	55,192	76,538	171,398	155,563	11,130	26,229	48,671
Support services										
Tuition	64,161	70,914	5,143	-	-	-	600	2,860	14,415	38,000
Student & instruction related services	993,358	920,384	1,102,115	1,386,865	1,498,040	1,430,723	1,116,582	1,127,965	1,286,908	1,197,086
General & business administrative services	313,913	444,585	473,232	503,664	580,208	587,818	554,610	591,171	633,252	602,282
School administration	134,180	53,923	53,663	112,354	121,416	119,441	58,495	61,573	84,602	76,276
Plant operations & maintenance	412,952	463,619	397,781	559,508	586,131	604,143	468,469	432,829	439,396	438,251
Pupil transportation	161,812	393,661	164,847	182,827	149,506	186,728	119,527	146,087	119,358	150,512
Transfer to charter schools	-	2,686	-	-	-	-	-	-	-	-
Interest on long-term debt	75,850	70,191	56,099	50,635	47,587	34,194	29,569	18,007	8,756	3,749
Total governmental activities expenses	<u>5,252,913</u>	<u>5,458,081</u>	<u>5,750,550</u>	<u>6,306,651</u>	<u>6,925,322</u>	<u>7,352,933</u>	<u>6,812,489</u>	<u>6,273,934</u>	<u>7,037,498</u>	<u>6,647,113</u>
Business-type activities										
Food services	76,368	75,410	75,464	76,638	76,184	71,860	61,608	58,277	94,177	101,392
Child care	36,371	34,508	55,316	49,013	60,109	53,646	56,921	51,024	213	-
Total business-type activities	<u>112,739</u>	<u>109,918</u>	<u>130,780</u>	<u>125,651</u>	<u>136,293</u>	<u>125,506</u>	<u>118,529</u>	<u>109,301</u>	<u>94,390</u>	<u>101,392</u>
Total district expenses	<u>\$ 5,365,652</u>	<u>\$ 5,567,999</u>	<u>\$ 5,881,330</u>	<u>\$ 6,432,302</u>	<u>\$ 7,061,615</u>	<u>\$ 7,478,439</u>	<u>\$ 6,931,018</u>	<u>\$ 6,383,235</u>	<u>\$ 7,131,888</u>	<u>\$ 6,748,505</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenues										
Governmental activities										
Charges for services	\$ 73,419	\$ 251,461	\$ 62,993	\$ 57,900	\$ 56,565	\$ 67,680	\$ 24,475	\$ 44,113	\$ 35,816	\$ 76,502
Capital grants & contributions	-	(27,320)	-	-	-	-	-	-	-	-
Operating grants & contributions	117,978	105,907	108,337	112,253	124,883	120,182	127,913	95,409	122,626	221,954
Total governmental activities	<u>191,397</u>	<u>330,048</u>	<u>171,330</u>	<u>170,153</u>	<u>181,448</u>	<u>187,862</u>	<u>152,388</u>	<u>139,522</u>	<u>158,442</u>	<u>298,456</u>
Business-type activities										
Charges for services										
Food service	58,732	50,206	49,439	53,474	45,193	41,971	40,095	25,294	25	8,548
Child care	44,277	53,682	45,648	57,240	55,520	45,900	54,833	50,168	-	-
Operating grants & contributions	24,240	22,835	25,664	25,061	25,134	25,158	19,199	21,476	127,625	103,184
Total business - type activities	<u>127,249</u>	<u>126,723</u>	<u>120,751</u>	<u>135,775</u>	<u>125,847</u>	<u>113,029</u>	<u>114,127</u>	<u>96,938</u>	<u>127,650</u>	<u>111,732</u>
Total district-wide program revenues	<u>\$ 318,646</u>	<u>\$ 456,771</u>	<u>\$ 292,081</u>	<u>\$ 305,928</u>	<u>\$ 307,295</u>	<u>\$ 300,891</u>	<u>\$ 266,515</u>	<u>\$ 236,460</u>	<u>\$ 286,092</u>	<u>\$ 410,188</u>
Net (expense) revenues										
Governmental activities	\$ (5,061,516)	\$ (5,128,033)	\$ (5,579,220)	\$ (6,136,498)	\$ (6,743,874)	\$ (7,165,071)	\$ (6,660,101)	\$ (6,134,412)	\$ (6,879,056)	\$ (6,348,657)
Business - type activities	14,510	16,805	(10,029)	10,124	(10,446)	(12,477)	(4,402)	(12,363)	33,260	10,340
Total district-wide net expenses	<u>\$ (5,047,006)</u>	<u>\$ (5,111,228)</u>	<u>\$ (5,589,249)</u>	<u>\$ (6,126,374)</u>	<u>\$ (6,754,320)</u>	<u>\$ (7,177,548)</u>	<u>\$ (6,664,503)</u>	<u>\$ (6,146,775)</u>	<u>\$ (6,845,796)</u>	<u>\$ (6,338,317)</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 3,778,870	\$ 3,747,500	\$ 3,718,722	\$ 3,710,747	\$ 3,754,457	\$ 3,710,000	\$ 3,671,732	\$ 3,769,466	\$ 3,866,456	\$ 4,039,535
Taxes levied for debt service	248,163	249,463	244,238	239,213	208,013	201,025	212,750	203,500	194,250	-
Unrestricted grants & contributions	1,342,103	1,256,484	1,948,839	2,243,633	2,698,144	3,268,558	3,025,418	2,553,922	3,318,398	2,740,409
Investment earnings	3,746	4,869	6,034	6,339	7,522	16,670	24,937	20,116	2,307	1,560
Miscellaneous income	2,558	12,992	9,749	4,820	4,301	9,908	7,309	2,911	16,560	14,792
Transfer out	-	-	-	-	-	-	-	(11,104)	-	-
Special item - insurance claim proceeds for storm damage	8,293	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>5,383,733</u>	<u>5,271,308</u>	<u>5,927,582</u>	<u>6,204,752</u>	<u>6,672,437</u>	<u>7,206,161</u>	<u>6,942,146</u>	<u>6,538,811</u>	<u>7,397,971</u>	<u>6,796,296</u>
Business-type activities										
Investment earnings	77	95	127	111	145	223	202	117	17	22
Miscellaneous income	-	122	-	1,182	68	41	-	50	27	5
Transfer in	-	-	-	-	-	-	-	11,104	-	-
Total business-type activities	<u>77</u>	<u>217</u>	<u>127</u>	<u>1,293</u>	<u>213</u>	<u>264</u>	<u>202</u>	<u>11,271</u>	<u>44</u>	<u>27</u>
Total district-wide	<u>\$ 5,383,810</u>	<u>\$ 5,271,525</u>	<u>\$ 5,927,709</u>	<u>\$ 6,206,045</u>	<u>\$ 6,672,650</u>	<u>\$ 7,206,425</u>	<u>\$ 6,942,348</u>	<u>\$ 6,550,082</u>	<u>\$ 7,398,015</u>	<u>\$ 6,796,323</u>
Change in net position										
Governmental activities	\$ 322,217	\$ 143,275	\$ 348,362	\$ 68,254	\$ (71,437)	\$ 41,090	\$ 282,045	\$ 404,399	\$ 518,915	\$ 447,639
Business-type activities	14,587	17,022	(9,902)	11,417	(10,233)	(12,213)	(4,200)	(1,092)	33,304	10,367
Total district	<u>\$ 336,804</u>	<u>\$ 160,297</u>	<u>\$ 338,460</u>	<u>\$ 79,671</u>	<u>\$ (81,670)</u>	<u>\$ 28,877</u>	<u>\$ 277,845</u>	<u>\$ 403,307</u>	<u>\$ 552,219</u>	<u>\$ 458,006</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Restricted	\$ 817,978	\$ 936,033	\$ 1,026,911	\$ 1,122,584	\$ 1,175,729	\$ 1,171,739	\$ 1,336,531	\$ 1,565,469	\$ 1,804,869	\$ 2,065,033
Committed	31,928	5,350	13,965	61,375	45,966	86,538	85,822	145,274	138,173	68,736
Assigned	-	-	50,000	19,500	71,455	85,621	119,800	91,181	79,860	132,479
Unassigned	179,972	176,026	245,103	247,891	224,734	282,260	269,984	264,709	326,326	325,280
Total general fund	<u>\$ 1,029,878</u>	<u>\$ 1,117,409</u>	<u>\$ 1,335,979</u>	<u>\$ 1,451,350</u>	<u>\$ 1,517,884</u>	<u>\$ 1,626,158</u>	<u>\$ 1,812,137</u>	<u>\$ 2,066,633</u>	<u>\$ 2,349,228</u>	<u>\$ 2,591,528</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,063	\$ 2,772	\$ 2,209
Capital projects fund	68,295	40,975	40,975	40,975	20,975	-	-	-	-	-
Total all other governmental funds	<u>\$ 68,295</u>	<u>\$ 40,975</u>	<u>\$ 40,975</u>	<u>\$ 40,975</u>	<u>\$ 20,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,063</u>	<u>\$ 2,772</u>	<u>\$ 2,209</u>
								*		

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

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax levy	\$ 4,027,033	\$ 3,996,963	\$ 3,962,960	\$ 3,949,960	\$ 3,962,470	\$ 3,911,025	\$ 3,884,482	\$ 3,972,966	\$ 4,060,706	\$ 4,039,535
Tuition charges	58,492	52,056	48,066	42,973	41,638	52,157	24,475	44,113	35,041	76,500
Interest earnings	3,746	4,869	6,034	6,339	7,522	16,670	30,738	20,116	2,307	1,560
Rents and royalties	-	-	-	14,927	14,927	15,523	-	-	-	-
Miscellaneous	22,005	19,444	28,256	6,470	5,966	11,258	3,223	5,296	19,495	16,794
State sources	1,342,103	1,256,484	1,330,483	1,399,528	1,447,128	1,555,255	1,576,890	1,520,781	1,652,474	1,763,196
State sources - capital projects	-	(27,320)	-	-	-	-	-	-	-	-
Federal sources	113,458	105,441	104,757	110,603	123,218	118,832	126,198	93,024	120,466	215,803
<b>Total revenues</b>	<b>5,566,837</b>	<b>5,407,937</b>	<b>5,480,556</b>	<b>5,530,800</b>	<b>5,602,869</b>	<b>5,680,720</b>	<b>5,646,006</b>	<b>5,656,296</b>	<b>5,890,489</b>	<b>6,113,388</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	1,468,616	1,364,605	1,423,145	1,387,021	1,459,416	1,423,416	1,420,088	1,319,799	1,521,310	1,574,262
Special education instruction	292,919	360,076	367,726	393,807	419,187	366,474	365,759	476,208	308,576	323,345
Other special instruction	218,056	249,800	118,127	106,585	81,348	167,391	156,842	100,315	69,631	46,298
Other instruction	22,870	24,472	32,910	52,032	46,928	46,647	40,398	31,054	12,408	17,363
<b>Support services</b>										
Tuition	64,161	70,914	5,143	-	-	-	600	2,860	14,415	38,000
Student & inst related services	624,335	613,522	674,630	697,538	679,331	668,871	613,530	610,595	646,812	608,547
General administration	93,847	156,276	165,202	162,141	170,009	176,888	170,060	186,908	188,156	191,959
School administration services	92,847	35,540	37,415	37,952	39,112	39,675	41,158	43,588	46,380	47,777
Central services	123,041	126,601	130,146	134,589	134,600	136,345	139,430	143,374	145,249	144,967
Administrative information technology	13,837	10,468	11,379	14,942	15,557	14,740	15,172	15,648	15,850	16,430
Plant operations & maintenance	350,988	385,790	339,113	341,612	322,646	344,530	374,283	356,041	363,646	391,779
Pupil transportation	162,371	201,973	161,189	162,275	129,564	166,132	119,527	146,087	119,358	147,389
Employee benefits	1,002,812	978,114	959,557	1,030,470	1,133,537	1,022,371	866,194	841,849	844,021	899,581
On-behalf TPAF Pension & Social Security contribution	455,610	392,112	453,115	524,415	553,499	665,072	757,958	770,678	928,897	1,152,071
Transfer to charter schools	-	2,686	-	-	-	-	-	-	-	-
Capital outlay	5,388	3,589	33,745	18,584	18,705	-	25,678	36,159	50,784	36,677
Capital projects	54	-	-	-	-	-	-	-	-	-
Special revenue funds	117,978	105,907	108,337	112,253	124,883	120,182	127,913	95,409	122,692	222,519
<b>Debt service</b>										
Principal	185,000	190,000	190,000	190,000	185,000	185,000	185,000	185,000	185,000	-
Interest & other charges	75,850	72,150	54,238	49,213	43,013	49,687	40,437	31,187	21,937	12,687
<b>Total expenditures</b>	<b>5,370,580</b>	<b>5,344,595</b>	<b>5,265,117</b>	<b>5,415,429</b>	<b>5,556,335</b>	<b>5,593,421</b>	<b>5,460,027</b>	<b>5,392,759</b>	<b>5,605,122</b>	<b>5,871,651</b>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess (deficiency) of revenues over (under) expenditures	\$ 196,257	\$ 63,342	\$ 215,439	\$ 115,371	\$ 46,534	\$ 87,299	\$ 185,979	\$ 263,537	\$ 285,367	\$ 241,737
Other financing sources (uses)										
Transfer in (out)	-	-	-	-	-	-	-	(11,104)	-	-
Insurance claim proceeds from storm damage	8,293	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	8,293	-	-	-	-	-	-	(11,104)	-	-
Net change in fund balances	<u>\$ 204,550</u>	<u>\$ 63,342</u>	<u>\$ 215,439</u>	<u>\$ 115,371</u>	<u>\$ 46,534</u>	<u>\$ 87,299</u>	<u>\$ 185,979</u>	<u>\$ 252,433</u>	<u>\$ 285,367</u>	<u>\$ 241,737</u>
Debt service as a percentage of non-capital expenditures	5.11%	5.16%	4.90%	4.64%	4.29%	4.38%	4.33%	4.21%	3.87%	0.22%

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Interest income	\$ 3,746	\$ 4,869	\$ 6,034	\$ 6,339	\$ 7,522	\$ 16,670	\$ 24,937	\$ 20,116	\$ 2,307	\$ 1,560
Tuition	58,492	52,056	48,066	42,973	41,638	52,157	24,475	44,113	35,041	76,500
Building use fees	14,927	14,927	14,927	14,927	14,927	15,523	-	-	-	-
Prior year refunds	887	444	4,510	879	3,837	3,370	5,690	2,353	4,762	7,595
Miscellaneous	-	1,024	-	425	338	1,154	-	558	7,298	3,031
Donations	510	-	377	413	100	250	-	-	-	-
Old outstanding checks canceled	-	-	3,284	403	26	904	-	-	-	4,166
Rebate	-	-	-	2,700	-	1,000	-	-	4,500	-
Insurance claim	-	-	-	-	-	3,230	1,619	-	-	-
Current year refunds	1,161	2,583	1,578	-	-	-	-	-	-	-
<b>Annual totals</b>	<b>\$ 79,723</b>	<b>\$ 75,903</b>	<b>\$ 78,776</b>	<b>\$ 69,059</b>	<b>\$ 68,388</b>	<b>\$ 94,258</b>	<b>\$ 56,721</b>	<b>\$ 67,140</b>	<b>\$ 53,908</b>	<b>\$ 92,852</b>

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 4,130,400	\$ 4,128,700	\$ 4,181,700	\$ 4,403,700	\$ 4,217,600	\$ 3,934,500	\$ 3,936,700	\$ 3,848,300	\$ 4,888,700	\$ 5,009,800
Residential	286,559,100	287,884,400	289,296,400	288,535,000	288,396,600	287,479,100	287,178,600	286,851,817	286,866,217	286,364,317
Farm regular	53,823,900	52,492,300	51,344,000	52,484,600	52,274,300	53,345,700	53,290,100	53,593,700	53,618,900	53,360,000
Q farm	5,102,815	5,039,395	4,894,295	5,050,195	5,065,195	5,078,095	5,059,695	5,066,095	5,043,995	5,118,495
Commercial	32,526,600	32,514,600	32,364,200	32,273,800	32,611,100	32,380,700	32,276,700	32,276,700	32,216,200	32,610,800
Industrial	30,969,000	30,829,000	30,829,000	30,829,000	30,837,300	30,837,300	30,837,300	30,837,300	30,837,300	30,805,300
Apartment	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300	306,300
<b>Total assessed value</b>	<b>413,418,115</b>	<b>413,194,695</b>	<b>413,215,895</b>	<b>413,882,595</b>	<b>413,708,395</b>	<b>413,361,695</b>	<b>412,885,395</b>	<b>412,780,212</b>	<b>413,777,612</b>	<b>413,575,012</b>
Public utilities (a)	914,996	692,328	463,886	440,526	434,313	815,456	819,631	822,139	830,444	744,496
<b>Net valuation taxable</b>	<b>\$ 414,333,111</b>	<b>\$ 413,887,023</b>	<b>\$ 413,679,781</b>	<b>\$ 414,323,121</b>	<b>\$ 414,142,708</b>	<b>\$ 414,177,151</b>	<b>\$ 413,705,026</b>	<b>\$ 413,602,351</b>	<b>\$ 414,608,056</b>	<b>\$ 414,319,508</b>
Estimated actual county equalized value	\$ 395,963,362	\$ 381,411,664	\$ 389,508,561	\$ 382,886,095	\$ 408,350,301	\$ 404,542,665	\$ 402,654,565	\$ 401,501,824	\$ 413,157,875	\$ 452,017,792
Percentage of net valuation to estimated actual equalized value	104.64%	108.51%	106.21%	108.21%	101.42%	102.38%	102.74%	103.01%	100.35%	91.66%
<b>Total direct school tax rate (b)</b>	<b>\$ 0.965</b>	<b>\$ 0.960</b>	<b>\$ 0.955</b>	<b>\$ 0.957</b>	<b>\$ 0.944</b>	<b>\$ 0.938</b>	<b>\$ 0.960</b>	<b>\$ 0.981</b>	<b>\$ 0.975</b>	<b>\$ 0.983</b>

Source: Municipal Tax Assessor

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

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

See independent auditors' report.



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

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	
2013	\$ 0.905	\$ 0.060	\$ 0.965	\$ 0.943	\$ 0.222	\$ 0.687	\$ 2.817
2014	0.900	0.060	0.960	0.930	0.250	0.720	2.860
2015	0.895	0.060	0.955	0.995	0.267	0.733	2.950
2016	0.897	0.060	0.957	0.965	0.264	0.709	2.895
2017	0.894	0.050	0.944	1.043	0.274	0.757	3.018
2018	0.888	0.050	0.938	1.016	0.273	0.720	2.947
2019	0.910	0.050	0.960	1.057	0.288	0.701	3.006
2020	0.931	0.050	0.981	1.037	0.295	0.689	3.002
2021	0.925	0.050	0.975	1.080	0.311	0.703	3.069
2022	0.983	-	0.983	1.121	0.319	0.746	3.169

Sources: Municipal Tax Collector

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

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

See independent auditors' report.

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

	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Transcontinental Gas Pipeline	\$ 18,061,900	1	4.36%	\$ 17,917,900	1
ISE America	10,059,000	2	2.43%	9,981,100	2	2.41%
Franklin Realty Group LLC	9,275,200	3	2.24%	9,275,200	3	2.24%
2010 Franklin LLC	5,958,100	4	1.44%	-	-	-
Viking Development Co., LLC	2,392,200	5	0.58%	2,313,400	5	0.56%
Individual Property Owner	2,223,000	6	0.54%	1,290,600	8	0.31%
Mountain Top Farm, LLC	2,019,480	7	0.49%	-	-	-
Asbury Graphite Mills, Inc.	1,629,800	8	0.39%	-	-	-
ETG Acquisition Corp	1,419,700	9	0.34%	-	-	-
Individual Property Owner	1,419,000	10	0.34%	1,109,100	10	0.27%
The Franklin Realty Group	-	-	-	5,958,100	4	1.44%
JWD Farms LLC	-	-	-	1,950,700	6	0.47%
Elizabethtown Gas Company	-	-	-	1,451,700	7	0.35%
Victaulic Reh LLC	-	-	-	1,122,300	9	0.27%
	<u>\$ 54,457,380</u>		<u>13.14%</u>	<u>\$ 52,370,100</u>		<u>12.64%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2013	\$ 4,027,033	\$ 4,027,033	100.00%
2014	3,996,963	3,996,963	100.00%
2015	3,962,960	3,962,960	100.00%
2016	3,949,960	3,949,960	100.00%
2017	3,962,470	3,962,470	100.00%
2018	3,911,025	3,911,025	100.00%
2019	3,884,482	3,884,482	100.00%
2020	3,972,966	3,972,966	100.00%
2021	4,060,706	4,060,706	100.00%
2022	4,039,535	4,039,535	100.00%

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases	Bond Anticipation Notes (BANs)				
2013	\$ 1,495,000	\$ -	\$ -	\$ -	\$ -	\$ 1,495,000	1.02%	\$ 479
2014	1,305,000	-	-	-	-	1,305,000	0.89%	421
2015	1,115,000	-	-	-	-	1,115,000	0.74%	360
2016	925,000	-	-	-	-	925,000	0.59%	301
2017	740,000	-	-	-	-	740,000	0.47%	242
2018	555,000	-	-	-	-	555,000	0.34%	182
2019	370,000	-	-	-	-	370,000	0.22%	122
2020	185,000	-	-	-	-	185,000	0.11%	61
2021	-	-	-	-	-	-	N/A	-
2022	-	-	-	-	-	-	N/A	-

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

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

See independent auditors' report.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 1,495,000	\$ -	\$ 1,495,000	0.36%	\$ 479
2014	1,305,000	-	1,305,000	0.32%	421
2015	1,115,000	-	1,115,000	0.27%	360
2016	925,000	-	925,000	0.22%	301
2017	740,000	-	740,000	0.18%	242
2018	555,000	-	555,000	0.13%	182
2019	370,000	-	370,000	0.09%	122
2020	185,000	-	185,000	0.04%	61
2021	-	-	-	-	-
2022	-	-	-	-	-

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

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

See independent auditors' report.

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

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 1,329,668	100.00%	\$ 1,329,668
Regional High School	10,974,000	17.60%	1,931,781
County general obligation debt	1,305,000	3.68%	<u>48,086</u>
Subtotal, overlapping debt			3,309,535
School district direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 3,309,535</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2022

		Equalized Valuation Basis
	2021	\$ 451,426,590
	2020	412,161,969
	2019	400,781,785
		<u>\$ 1,264,370,344</u>
Average equalized valuation of taxable property		<u>\$ 421,456,781</u>
Debt limit (2.5% of average equalization value)	(a)	\$ 10,536,420
Total net debt applicable to limit		<u>-</u>
Legal debt margin		<u>\$ 10,536,420</u>

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 9,956,660	\$ 10,127,235	\$ 10,066,352	\$ 10,127,019	\$ 10,536,420
Total net debt applicable	555,000	370,000	185,000	-	-
Legal debt margin	<u>\$ 9,401,660</u>	<u>\$ 9,757,235</u>	<u>\$ 9,881,352</u>	<u>\$ 10,127,019</u>	<u>\$ 10,536,420</u>
Total net debt applicable to the limit as a percentage of debt limit	5.57%	3.65%	1.84%	0.00%	0.00%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 10,530,017	\$ 10,018,674	\$ 9,734,889	\$ 9,580,041	\$ 9,806,395
Total net debt applicable	1,495,000	1,305,000	1,115,000	925,000	740,000
Legal debt margin	<u>\$ 9,035,017</u>	<u>\$ 8,713,674</u>	<u>\$ 8,619,889</u>	<u>\$ 8,655,041</u>	<u>\$ 9,066,395</u>
Total net debt applicable to the limit as a percentage of debt limit	14.20%	13.03%	11.45%	9.66%	7.55%

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 N.J.S.A. 18A:24-19.

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2013	3,121	\$ 146,190,761	\$ 46,841	7.4%
2014	3,099	146,344,077	47,223	6.7%
2015	3,096	151,354,152	48,887	5.1%
2016	3,076	156,079,316	50,741	4.9%
2017	3,060	157,599,180	51,503	4.5%
2018	3,046	161,891,854	53,149	4.0%
2019	3,041	167,172,893	54,973	3.3%
2020	3,029	172,519,724	56,956	7.6%
2021	3,026	183,148,650	60,525	4.7%
2022	2,976	N/A	N/A	N/A

Sources:

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

See independent auditors' report.



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

2022

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

2013

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

See independent auditors' report.

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular	36.4	36.8	36.8	35.8	29.9	29.6	26.9	26.6	25.6	25.0
Special education	4.7	5.1	5.5	5.5	5.5	6.6	6.6	7.4	7.9	7.4
Support services										
General administration	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
School administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other administration services	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant operations and maintenance	3.3	3.3	3.3	3.2	4.0	3.3	3.3	3.3	3.3	3.3
Pupil transportation	0.4	0.6	0.6	0.4	0.2	0.2	-	-	-	0.3
Other support services	2.0	2.0	3.0	5.1	5.5	3.7	3.7	4.1	5.0	4.2
Total	<u>50.8</u>	<u>51.8</u>	<u>53.2</u>	<u>54.0</u>	<u>49.0</u>	<u>47.4</u>	<u>44.5</u>	<u>45.4</u>	<u>45.8</u>	<u>44.2</u>

Source: District Personnel Records

See independent auditors' report.

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

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment ( ADE ) ( c )	Average Daily Attendance ( ADA ) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	269	\$ 5,104,288	\$ 18,975	4.41%	26.0	1 to 10.35	271.3	259.6	-5.54%	95.69%
2014	250	5,078,856	20,315	7.06%	28.0	1 to 8.93	250.9	241.5	-7.52%	96.25%
2015	230	4,987,134	21,683	6.73%	28.0	1 to 8.21	233.1	223.0	-7.09%	95.67%
2016	232	5,157,632	22,231	2.53%	28.0	1 to 8.29	227.8	216.9	-2.28%	95.22%
2017	222	5,309,617	23,917	7.58%	24.0	1 to 9.25	220.4	210.5	-3.27%	95.53%
2018	212	5,358,734	25,277	5.69%	26.4	1 to 8.03	216.0	206.5	-1.97%	95.61%
2019	200	5,208,912	26,045	3.04%	26.4	1 to 7.58	205.2	196.4	-5.00%	95.71%
2020	210	5,140,413	24,478	-6.02%	25.3	1 to 8.30	207.5	200.1	1.13%	96.41%
2021	190	5,347,401	28,144	14.98%	26.3	1 to 7.23	191.3	185.4	-7.84%	96.94%
2022	199	5,822,287	29,258	3.96%	26.0	1 to 7.67	198.5	189.5	3.78%	95.47%

Source: District Records

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

See independent auditors' report.

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

District Building	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Elementary (1960)</u>										
Square feet	47,552	47,552	49,242	49,242	49,242	49,242	49,242	51,086	51,086	51,086
Capacity (students)	367	367	367	367	367	367	367	367	367	367
Enrollment	269	250	230	232	222	212	200	208	190	198

Number of schools at June 30, 2022:

Elementary	1
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Source: District Facilities Office

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

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

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ended</u>	<u>Amount</u>
2013	\$ 85,439
2014	111,544
2015	77,708
2016	87,562
2017	91,605
2018	90,679
2019	92,457
2020	96,607
2021	101,854
2022	102,765
Total school facilities	<u>\$ 938,220</u>

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

Source: District Records

See independent auditors' report.

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ Schools Insurance Group		
Property - Blanket Building and Contents (Policy Limit)	\$ 500,000,000	\$ 1,000
Comprehensive General Liability (Policy Limit)	16,000,000	-
Automobile Liability (Policy Limit)	16,000,000	-
Employee Benefits (Policy Limit)	16,000,000	1,000
Flood (Policy Limit), All Other Flood Zones	75,000,000	10,000
Flood (Policy Limit), Special Flood Zones	25,000,000	500,000
Earthquake (Policy Limit)	50,000,000	1,000
School Board Legal Liability - NJ Schools Insurance Group		
Directors and Officers Policy (Policy Limit)	16,000,000	5,000
Public Employees' Faithful Performance - NJ Schools Insurance Group		
Business Administrators Bond	250,000	1,000
Blanket Bond	250,000	1,000
Worker's Compensation - NJ Schools Insurance Group		
Bodily Injury by Accident	3,000,000	-
Bodily Injury by Disease	3,000,000	-
Bodily Injury by Disease	3,000,000	-
WC Supplemental	7 day elim. period	-
Student Accident - BMI		
Accidental Medical Base and Catastrophic	5,000,000	-
Pollution-Colony Insurance Company		
New Pollution Conditions-On-Site Cleanup Costs	1,000,000	10,000
Bodily Injury, Property Damage, Off-Site Cleanup	1,000,000	10,000
Emergency Expenses	1,000,000	10,000
Non-Owned Disposal Site Liability	1,000,000	10,000
Transportation Pollution Liability	1,000,000	10,000
Cyber - Hiscox Insurance		
Cyber Liability	1,000,000	2,500
Cyber Crime	250,000	2,500

Source: District Records

See independent auditors' report.

**SINGLE AUDIT SECTION**

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





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Franklin Township School District (the District) in the County of Warren, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 8, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

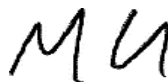
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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



**BKC, CPAs, PC**



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

March 8, 2023  
Flemington, New Jersey



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

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

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

Basis for Opinion on Each Major State Program

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

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

### Responsibilities of Management for Compliance

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

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

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

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

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

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

### Report on Internal Control Over Compliance

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

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

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

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



**BKC, CPAs, PC**



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

March 8, 2023  
Flemington, New Jersey

**SUPPLEMENTARY INFORMATION**

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

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2022		
					From	To	Deferred Rev. (Accts. Rec)	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education Special Revenue Fund															
Special education cluster (IDEA)															
IDEA Basic	84.027	H027A210100	IDEA-1620-22	\$ 51,954	07/01/21	06/30/22	\$ -	\$ -	\$ 50,603	\$ 51,954	\$ -	\$ -	\$ (1,351)	\$ -	\$ -
IDEA Basic	84.027	H027A200100	IDEA-1620-21	54,857	07/01/20	06/30/21	(3,763)	-	4,543	780	-	-	-	-	-
IDEA Preschool	84.173	H173S210114	IDEA-1620-22	2,115	07/01/21	06/30/22	-	-	1,000	2,115	-	-	(1,115)	-	-
Total special education cluster (IDEA)							(3,763)	-	56,146	54,849	-	-	(2,466)	-	-
Title I A	84.010A	S010S200030	NCLB-1620-22	27,044	07/01/21	06/30/22	-	-	24,423	27,044	-	-	(2,621)	-	-
Title I A	84.010A	S010S200030	NCLB-1620-21	29,469	07/01/20	06/30/21	(2,944)	-	2,944	-	-	-	-	-	-
Title IV	84.424A	S424A200031	ESSA-1620-21	10,000	07/01/20	06/30/21	(3,552)	-	9,337	6,447	-	-	(662)	-	-
Title IV	84.424A	S424A210031	ESSA-1620-22	4,000	07/01/21	06/30/22	-	-	4,000	4,000	-	-	-	-	-
Rural Education Achievement Program	84.358A	S358B190030	S358A192169	19,046	07/01/20	06/30/21	(7,784)	-	7,784	-	-	-	-	-	-
Rural Education Achievement Program	84.358A	S358B200030	S358A202169	21,910	07/01/20	06/30/21	(2,759)	-	2,759	-	-	-	-	-	-
Rural Education Achievement Program	84.358A	S358B210030	S358A212856	22,730	07/01/21	06/30/22	-	-	19,151	19,528	-	-	(377)	-	-
COVID-19															
CARES Emergency Relief	84.425	S425D200027	CARES-1620-22	16,905	03/13/20	09/30/22	-	-	-	8,527	-	-	(8,527)	-	-
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-1620-23	69,110	03/13/20	09/30/23	-	-	20,452	46,452	-	-	(26,000)	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-1620-23	25,000	03/13/20	09/30/23	-	-	1,561	6,513	-	-	(4,952)	-	-
ARP - ESSER	84.425U	S425U210027	ESSER-1620-24	155,320	03/13/20	09/30/24	-	-	-	32,778	-	-	(32,778)	-	-
ARP IDEA Basic	84.027X	H027X210100	ARP-1620-22	8,491	07/01/21	06/30/22	-	-	-	8,491	-	-	(8,491)	-	-
ARP IDEA Preschool	84.173X	H173X210114	ARP-1620-22	724	07/01/21	06/30/22	-	-	-	724	-	-	(724)	-	-
Total Special Revenue Fund							(20,802)	-	148,557	215,353	-	-	(87,598)	-	-
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund															
Child Nutrition Cluster															
National School Lunch Program															
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	8,745	10/01/21	09/30/22	-	-	8,745	7,518	-	-	-	1,227	-
Non-Cash Assistance (Commodities)	10.555	211NJ304N1099	N/A	6,475	10/01/20	09/30/21	1,887	-	-	1,887	-	-	-	-	-
Cash Assistance	10.555	221NJ304N1099	N/A	72,961	10/01/21	09/30/22	-	-	68,403	72,961	-	-	(4,558)	-	-
Cash Assistance	10.555	211NJ304N1099	N/A	81,563	10/01/20	09/30/21	(16,457)	-	16,457	-	-	-	-	-	-
National School Breakfast Program															
Cash Assistance	10.553	221NJ304N1099	N/A	17,878	10/01/21	09/30/22	-	-	16,683	17,878	-	-	(1,195)	-	-
Cash Assistance	10.553	211NJ304N1099	N/A	36,248	10/01/20	09/30/21	(2,328)	-	2,328	-	-	-	-	-	-
Total Child Nutrition Cluster							(16,898)	-	112,616	100,244	-	-	(5,753)	1,227	-
P-EBT Administrative	10.649	2022225900941	N/A	1,242	07/01/21	06/30/22	-	-	1,242	1,242	-	-	-	-	-
Total Enterprise Fund							(16,898)	-	113,858	101,486	-	-	(5,753)	1,227	-
Total Federal Awards							\$ (37,700)	\$ -	\$ 262,415	\$ 316,839	\$ -	\$ -	\$ (93,351)	\$ 1,227	\$ -

See independent auditors' report.

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

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance June 30, 2021			Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2022			Memo	
					Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	22-495-034-5120-089	\$ 147,307	07/01/21	06/30/22	\$ -	\$ -	\$ 132,987	\$ 147,307	\$ -	\$ -	\$ -	\$ -	\$ 14,320	\$ 147,307
Equalization Aid	22-495-034-5120-078	288,134	07/01/21	06/30/22	-	-	260,123	288,134	-	-	-	-	28,011	288,134
Security Aid	22-495-034-5120-084	4,013	07/01/21	06/30/22	-	-	3,623	4,013	-	-	-	-	390	4,013
Transportation Aid	22-495-034-5120-014	16,087	07/01/21	06/30/22	-	-	14,523	16,087	-	-	-	-	1,564	16,087
Extraordinary Aid	22-100-034-5120-472	115,795	07/01/21	06/30/22	-	-	-	115,795	-	(115,795)	-	-	-	115,795
Extraordinary Aid	21-100-034-5120-473	129,289	07/01/20	06/30/21	(129,289)	-	129,289	-	-	-	-	-	-	129,289
Non-Public Transportation Aid	22-495-034-5120-014	3,770	07/01/21	06/30/22	-	-	-	3,770	-	(3,770)	-	-	-	3,770
Non-Public Transportation Aid	21-495-034-5120-014	3,190	07/01/20	06/30/21	(3,190)	-	3,190	-	-	-	-	-	-	3,190
Secure our Children's Future Bond Act	22-100-082-2000-A92	20,000	07/01/21	06/30/22	-	-	20,000	20,000	-	-	-	-	-	20,000
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002	785,734	07/01/21	06/30/22	-	-	785,734	785,734	-	-	-	-	-	785,734
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004	11,086	07/01/21	06/30/22	-	-	11,086	11,086	-	-	-	-	-	11,086
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001	186,170	07/01/21	06/30/22	-	-	186,170	186,170	-	-	-	-	-	186,170
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-001	288	07/01/21	06/30/22	-	-	288	288	-	-	-	-	-	288
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	168,793	07/01/21	06/30/22	-	-	152,215	168,793	-	(16,578)	-	-	-	168,793
<b>Total General Fund</b>					<b>(132,479)</b>	<b>-</b>	<b>1,699,228</b>	<b>1,747,177</b>	<b>-</b>	<b>(136,143)</b>	<b>-</b>	<b>-</b>	<b>44,285</b>	<b>1,879,656</b>
State Department of Education														
Special Revenue Fund														
SDA Emergent and Capital Maintenance Needs	22-100-034-5120-519	4,151	07/01/21	06/30/22	-	-	4,151	4,151	-	-	-	-	-	4,151
<b>Total Special Revenue Fund</b>					<b>-</b>	<b>-</b>	<b>4,151</b>	<b>4,151</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,151</b>
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	21-100-010-3350-023	4,003	07/01/20	06/30/21	(314)	-	314	-	-	-	-	-	-	4,003
State School Lunch Program	22-100-010-3350-023	1,698	07/01/21	06/30/22	-	-	1,593	1,698	-	(105)	-	-	-	1,698
<b>Total Enterprise Fund</b>					<b>(314)</b>	<b>-</b>	<b>1,907</b>	<b>1,698</b>	<b>-</b>	<b>(105)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,701</b>
<b>Total State Financial Assistance</b>					<b>\$ (132,793)</b>	<b>\$ -</b>	<b>\$ 1,705,286</b>	<b>1,753,026</b>	<b>\$ -</b>	<b>\$ (136,248)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,285</b>	<b>\$ 1,889,508</b>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002							785,734						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004							11,086						
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001							186,170						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-001							288						
<b>Total for State Financial Assistance - Major Program Determination</b>								<b>\$ 769,748</b>						

See independent auditors' report.



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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$11,868 for the general fund and \$450 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

Note 3 - Relationship of financial statements (continued)

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

	Federal	State	Total
General fund	\$ -	\$ 1,759,045	\$ 1,759,045
Special revenue fund	215,803	4,151	219,954
Food service fund	83,608	1,698	85,306
Total awards and financial assistance	\$ 299,411	\$ 1,764,894	\$ 2,064,305

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

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

Note 6 - Indirect costs

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

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

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified?  Yes  No
2. Were significant deficiencies identified?  Yes  None reported

Noncompliance material to basic financial statements noted?  Yes  No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified?  Yes  No
2. Were significant deficiencies identified?  Yes  None reported

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

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?  Yes  No

Identification of Major Programs:

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

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

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

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

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
	<i>State Aid Public Cluster:</i>
<i>22-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>22-495-034-5120-078</i>	<i>Equalization Aid</i>
<i>22-495-034-5120-084</i>	<i>Security Aid</i>

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

Section II - Financial Statement Findings

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

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

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

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

Status of Prior Year Findings

There were no prior year findings or questioned costs.